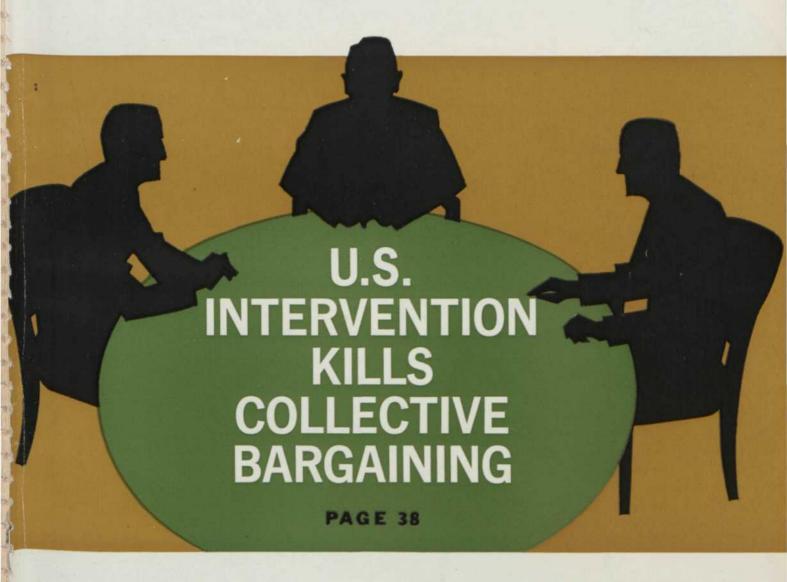
Nation's Business

USEFUL LOOK AHEAD

MARCH 1962

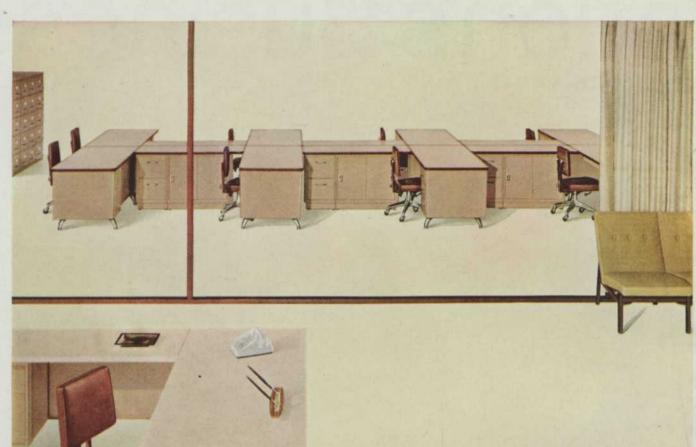


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Qualities of victory: Perseverance PAGE 68

Gold flow crisis may force gains PAGE 42





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Nation's Business

March 1962 Vol. 50 No. 3 Published by the Chamber of Commerce of the United States Washington, D.C.

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Nation's Business is published monthly at 1615 H St. N.W., Washington 6, D. C. Subscription price \$18 for three years. Printed in U.S.A. Second class postage paid at Washington, D. C., and at additional mailing offices. Copyright, 1962, by Nation's Business—the Chamber of Commerce of the United States. Nation's Business is available by subscription only.

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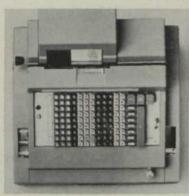
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How often have you heard some young man in business say, "I'll admit the job I have now isn't much but, after all, I'm only in my twenties."

Or: "Just about every executive in the company I work for is between 45 and 65. I have plenty of time to get ahead."

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The time to build that knowledge—to lay a solid groundwork for your future progress—is now... now while time is still on your side. If you fail to recognize that fact, you'll know only struggling, skimping and regret when your earning power should be at its height.

FOR THE BUSINESS MAN WHO REFUSES TO STAGNATE



H ALF the world is half asleep! Men who could be making twice their present salaries are coasting along, hoping for promotions but doing nothing to bring themselves forcefully to the attention of management. They're wasting the most fruitful years of their business lives... throwing away thousands of dollars they'll never be able to make up.

If you want to discover how to start to succeed while you're still young—if you want to avoid the heartbreak of failure in later years —send today for "Forging Ahead in Business"... one of the most practical and helpful booklets ever written on the problems of personal advancement. You will discover what the qualifications of an executive are in today's competitive market... what you must know to make \$15,000, \$20,000 or more a year... what you must do to accumulate this knowledge.

"Forging Ahead in Business" was written for ambitious men who seriously want to get down to bed-rock in their thinking about their business future; there's no charge for the booklet because, frankly, we've never been able to set a price on it that would reflect its true value. Some men have found a fortune in its pages. If you feel that it's meant for you, simply fill out and return this coupon. Your complimentary copy will be mailed to you promptly.

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WASHINGTON BUSINESS OUTLOOK

Boost incentive,
Man is inventive.
Boost taxes,
And man relaxes.

Prospect for you in '62: Highest tax bill you've ever seen.

As a businessman running a corporation, government expects you to help boost tax collections out of profits by \$5.3 billion.

As an individual taxpayer, you're expected to help boost personal tax collections by \$4.3 billion.

Add to these billions another \$2.3 billion increase in federal collections from excise, estate and gift taxes, customs and miscellaneous receipts.

This comes to \$11.9 billion increase to balance next year's budget.

Increase over actual tax collections of fiscal '61 will amount to \$15.3 billion.

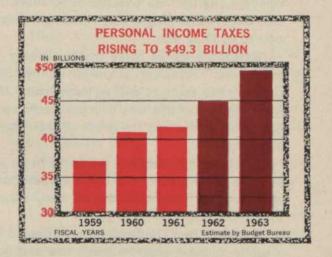
Incentive? Government knows it's impaired.
In these words the President expresses his concern that high taxes are impairing national economic growth:

"The tax system of the United States has consequences far beyond the simple raising of revenue. The tax laws are a vital part of the



economic environment; their effects may be equitable or inequitable; they create incentives which may help or handicap the national interest.

"We cannot safely ignore these important effects in the comforting illusion that what already exists is perfect. We must scrutinize our



tax system carefully to insure that its provisions contribute to the broad goals of full employment, growth, and equity."

The President goes on to say that the muchneeded tax reform is to be put off.

A major tax message will go to Congress in late spring or early summer.

"This broad program will re-examine tax rates and the definition of the income tax base.

"It will be aimed at the simplification of our tax structure, the equal treatment of equally situated persons, and the strengthening of incentives for individual effort and for productive investment."

For enactment when? Not before next year.

Just for discussion.

That's key idea behind President Kennedy's proposal that he be allowed to cut personal income taxes in time of recession. Reduction would be triggered by economic indicators pub-

lished by President's Council of Economic Advisers. Action would be subject to congressional veto.

This idea—like many others the President is asking Congress to consider—is unlikely to win approval this year. He knows this.

So his legislative strategy is aimed at horse trading Congress into passage of as much of the New Frontier program as he can get members to go along with.

(Behind-the-scenes horse trading already is under way. President originally wanted the right to raise taxes as well as lower them. He was talked out of this idea by a key-placed congressional leader and the proposal was never announced.)

Prediction: Mr. Kennedy will prove to be an effective horse trader. You can anticipate that he'll make big forward strides on many issues sure to come up again next year.

Meanwhile New Frontiersmen are engaged in a subtle lobbying program that's new and different—calculated to win friends and future votes.

Lobbying is described on page 36.

Broad welfare proposals Congress is asked to vote on are aimed at the following groups:

City voters—Expansion of federal expenditures for a variety of municipal projects; funds for local school construction and teacher salaries.

Rural voters—Four-part farm program aimed at more control of agricultural production, switching millions of acres into grasslands, forests, wildlife refuges, recreation areas; expansion of loans and technical assistance to farmers; federal educational loans to farm youths.

Young voters—Federal scholarships for college training, more funds for college construction of buildings and dormitories; job training for unemployed youths, federal outdoor work program for young men in Youth Conservation

Corps; expansion of job opportunities in government.

Middle-aged voters—Training and retraining programs for unemployed workers without job skills; socialized housing developments for low-income families; more jobless pay.

Retired voters—Compulsory health taxation to provide hospital and nursing home funds for social security beneficiaries over age 65; expansion of public assistance programs for those voters who don't qualify for social security benefits.

Your company could be missing some good business opportunities in other countries.

Men in government think so.

U. S. Department of Commerce is planning a new program to help you find out.

Foreign trade specialists will help you pinpoint potential overseas markets for your products.

They'll also give you an intensive briefing on business, economic, political conditions in countries you plan to visit.

You can get further information by writing L. Edward Scriven, Director of the Bureau of International Business Operations, Department of Commerce, Washington 25, D. C.

But first, to help you with background, you'll want to see a new book called:

"An Introduction to Doing Import and Export Business."

Sixth revised edition just off the press. Copies are \$2 from: International Department, Chamber of Commerce of the United States, Washington 6, D. C.

What happens when Uncle Sam interferes with collective bargaining?

Look at coal mining for one answer.

Between '40 and '50—when the government meddled extensively with normal processes of collective bargaining: Miner's pay more than tripled—from \$6 a day to \$19.63.

WASHINGTON BUSINESS OUTLOOK

Price of coal went up more than two and a half times—from \$1.91 a ton at the tipple to \$4.84 a ton.

Now look at the change that took place in the next 10 years—from '50 to '60—when the government stayed out of collective bargaining in this field:

Pay rose to \$34.11 a day—considerably less than triple.

Price of the product actually declined—to \$4.69 a ton.

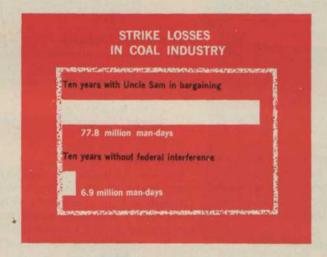


Chart you see here rounds out the picture.

It shows more time lost when government moves in at the bargaining table.

In the earlier period there were more than 4,200 strikes.

When management and union were left alone to conduct collective bargaining, there were 2.800 strikes.

Now look at steel.

Union contracts expire in June.

Federal officials already are involved in negotiations.

This carries on a pattern of interference since World War II. In a variety of ways the government stepped in at the bargaining table in '46, '49, '52, '56 and '59.

Steel industry in that period lost a total of 93.8 million man-days of production from strikes.

Auto industry—with more employes—lost a total of 37 million man-days during the same period.

Difference in autos is that the government intervened only once (in '46 with appointment of a presidental fact-finding board).

Wage costs?

With Uncle Sam at the bargaining table, steel's average hourly employment costs have soared 190 per cent.

In autos, with Uncle Sam not at the bargaining table, average employment costs are up about 125 per cent.

(Note: Steel's employment costs average more than \$4.05 an hour. Average for auto industry is roughly \$3.70 an hour.)

Economic lesson: You might conclude from this that when government moves in the cost of collective bargaining goes up.

See "U. S. Intervention Kills Collective Bargaining" on page 38.

Compulsory unionism will be an issue this year in two states.

In Oklahoma petitions are being circulated to put the issue to a vote next fall.

In Wyoming (where a right-to-work proposal was defeated in the legislature in '57) a new committee is pushing for election of members to the next legislature who will support the proposal to outlaw compulsory unionism.

Meanwhile in Washington union officials are pressing Congress for revision of a section of federal law that acknowledges a state's right to enact right-to-work laws.

Repeal would wipe out all such legislation in the states.

"The Right of the Right to Work" is a new booklet you'll want to see. Copies are 50 cents each from Chamber of Commerce of the United States, Washington 6, D. C.

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Business opinion:

Drift toward dictatorship seen weakening U.S.

I READ with interest "What You Can Do About Communism [Janu-

We can and should be willing to meet Russia anywhere in the world, openly, competitively and dynami-

But we have been drifting toward dictatorship during the past quarter of a century.

We should remember that communism is a philosophy of poverty and only under the collapse of democracy can communism take over. We must be on guard to check any movement that tends toward dictatorship.

> ALVIN C. BOHM Edwardsville, Ill.

I would like to express my sincere appreciation for "What You Can Do About Communism."

Motivation without accurate knowledge leads to fanaticism but motivation plus accurate knowledge leads to effective action. This needed distinction was clearly made in your article.

> R. E. ORR. M.D. Cottonwood, Idaho

New friend

We just received our first NA-TION'S BUSINESS.

It is excellent and I am already getting enthusiastic about using my influence for regaining our free enterprise system.

> HARRY M. HOE J. R. Hoe & Sons, Inc. Middlesboro, Ky.

Test for Texans

We would like permission to reproduce "Test Your Judgment" [January] for use in our Human Relations course. We believe this material would be very helpful.

W. BURBRINK The University of Texas Austin, Tex.

▶Permission granted on this and following requests.

Long-time fan

For a long time I've felt that NATION'S BUSINESS is a consistently high-caliber magazine.

Also, for a long while I've meant to let you know how I feel.

> JAMES P. DENDY The Boeing Company Seattle, Wash,

Lagging know-how

We request permission to reproduce "Where U. S. Know-how Lags" [January].

> J. G. DUSTAN Research Director Council for International Progress in Management, Inc. New York, N. Y.

For airline bosses

We request permission to reprint "How To Satisfy the Boss" [October |. This will be distributed to our management personnel.

> A. W. MANKOFF Manager, Training and Development American Airlines Tulsa, Okla.

Good will

We are interested in reprinting "Six Ways to Build Good Will" [November] in Furniture Warehouseman. I believe it would make an excellent article for our readers.

WILLIAM RANDLEMAN Editor Furniture Warehouseman Chicago, III.

Help for executives

This is to request permission to reproduce 1,000 copies of the article "Executive Skills You Will Need Most" [February 1961].

This material will be used in connection with a management training program within the company.

D. H. STODDARD Western Electric Company Winston-Salem, N. C.

GE seminars

The General Electric Company plant at Syracuse is establishing a series of seminars for our management personnel.

"Executive Skills You Will Need Most" [February, 1961] provides, we feel, important material which would help seminar participants. We would appreciate your permission to reproduce it.

> ROY H. DEBRAUWERE Manager—Personnel Development General Electric Company Syracuse, N. Y.



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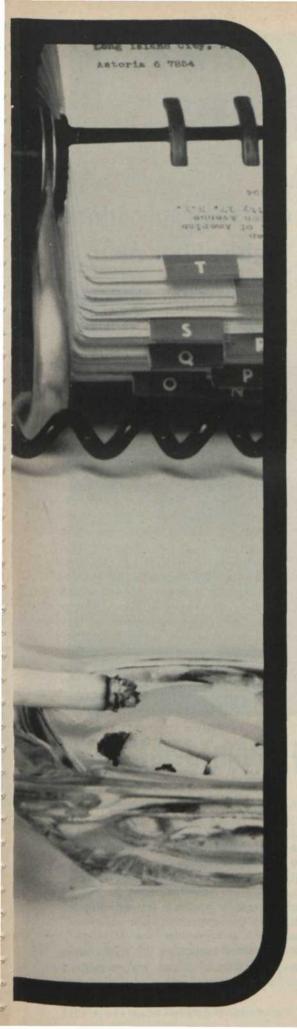
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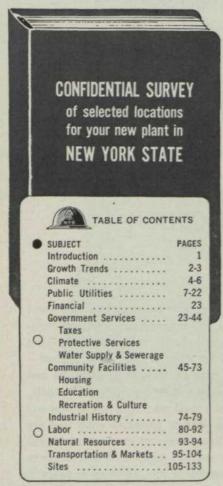
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GENERAL DYNAMICS ELECT

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TAILOR-MADE REPORTS. The table of contents shown above is typical of the survey of selected plant locations that we will prepare for your organization. Simply send your specific requirements on your business letterhead to Commissioner Keith S. McHugh, New York State Department of Commerce, Room 3527, 112 State Street, Albany 7, N. Y.

Keith & M. Hugh Keith S. McHugh, Commissioner

New York State Department of Commerce

Executive Trends

- Five problems of overseas operations
 - Where to find high-caliber men
- Do your job and personality match?

Here's a surprise: American companies with foreign operations have more trouble with their own internal management than they do as a result of such external factors as tariffs, currency clearance, trade restrictions and political climate in a given country.

A study of U. S. companies' foreign operations by Booz, Allen & Hamilton, Inc., management consultants, comes to this conclusion.

The major internal problems of international business management were found to be orientation, coordination, staffing, organization and control.

Discussing orientation, Booz, Allen emphasizes the problem of "getting the top management team to think, act and operate in terms of a single integrated world business instead of a domestic business with an international arm. . . In most cases, organization difficulties emanate from appending the international business to the domestic business instead of integrating the two parts into a world business."

What qualities would you want in a man representing you abroad?

The Procter & Gamble Company lists "character and integrity" as its first requirement, according to P. & G. Executive Vice President Walter L. Lingle, Jr.

"Emotional stability is perhaps more important in overseas work than at home," Mr. Lingle continues, "because any lack of it seems to become magnified in an overseas environment." Other characteristics sought: tact and consideration, ability to negotiate, sensitivity to public opinion in the foreign country, and ability to make independent decisions fast.

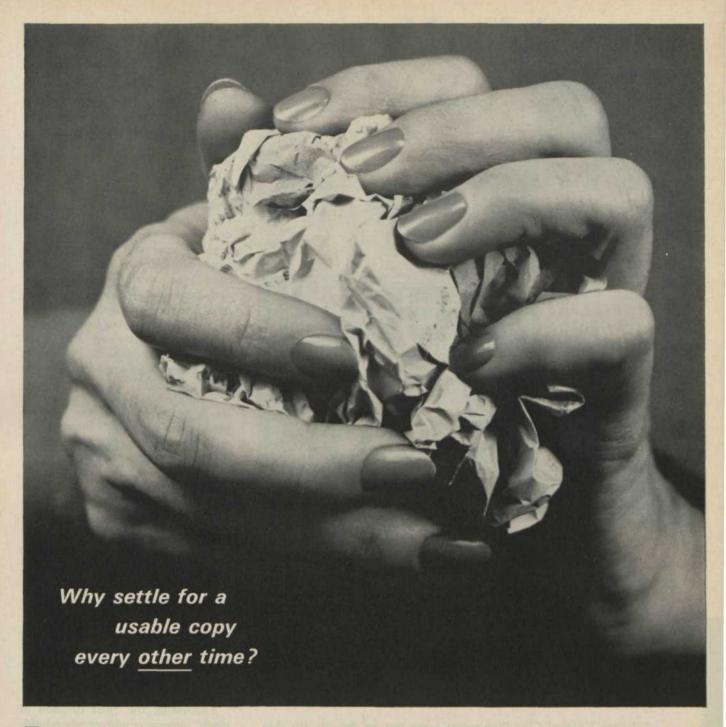
One of the best places to recruit new talent for high positions in your organization may be the upper echelons of multi-division companies.

William H. Megary, executive director of Buttrick & Megary, Philadelphia-based executive recruiting consultants, is the source of this advice.

He reports his searchers find increasing evidence of job discontent among men plopped down in top divisional jobs as a result of corporate expansion, mergers and acquisitions. Often feeling out of touch with their companies' headquarters staff and policies, these men are prime prospects for relocation.

Forecasting a bright future for able executives interested in changing jobs, he warns that too many firms are failing to clear out deadwood at the management level. Reluctance to remove nonproductive men, Mr. Megary says, stems frequently from lack of adequate strength at the presidential level, and from boards of directors which have permitted themselves to become rubber stamps because their members have too many diverse interests to evaluate the activities of any one company.

Evidence supporting the significance of communications and personnel as managerial problems is disclosed



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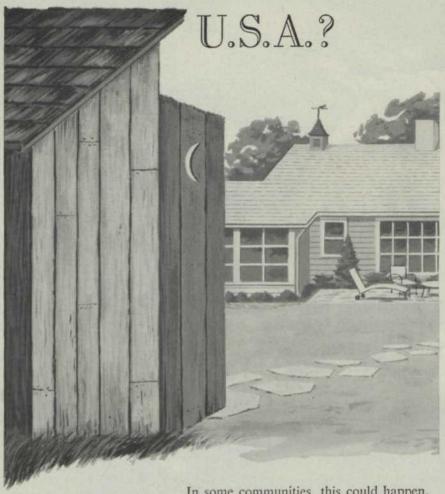
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Suburbia



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EXECUTIVE TRENDS

continued

in an evaluation which Michigan State University currently is making of its executive development programs. Similar assessments have been made, or are planned, at other institutions.

Researchers at Michigan State surveyed 470 graduates of executive programs it has offered since 1955. Dr. Winston Oberg, director of the university's executive programs, says the approximately 220 returns from managers in more than 100 companies show communications and personnel problems are their most pressing problems.

Executives replying from the marketing sector stressed the headaches involved in finding, training, motivating and retraining effective salesmen.

A question asking "What do you see to be the most critical problem area in management?" brought this order of response from graduates of the university's executive management course:

- ► The profit squeeze.
- ▶ Personnel problems.
- Developing an acceptable replacement.
- Preserving the free enterprise system.

Timely recollection: Ray R. Eppert, president of Burroughs Corporation, made a number of telling points about the "Moral Basis for Business Leadership" in a recent address before a meeting of the National Industrial Conference Board.

Discussing the "just division of profit" among employes, shareholders and the business itself, Mr. Eppert recalled that Samuel Gompers, first president of the American Federation of Labor, once said: "The worst crime against the working people is a company which fails to make a profit."

Mr. Eppert also recalled that the AFL Executive Council in 1940 said: "We have learned the lesson that when opportunities for profit diminish, opportunities for jobs likewise disappear."

Does your personality fit your job? Prof. Thomas W. Harrell of Stan-(continued on page 23) Business executives find NEW SOURCE OF PROFITS in movement of goods



NEW SOURCE OF PROFITS

Nowhere can savings be translated into profits more quickly than by introducing efficient methods into the handling and transport of a company's physical goods.

This is the contention of many of today's top management professionals as they continue their relentless search for new ways to offset a dwindling profit margin.

NEED FOR EFFICIENCY CITED

In his March 1960 report on Federal Transportation Policy, Frederick H. Mueller, then Secretary of Commerce, made this statement: "Much of the remaining potential improvement in the Nation's economic efficiency lies in the area of distribution . . . Transportation is the largest single element within this area."

So unless your company is an exception, profits are being subjected to this internal squeeze. A share of your earnings — perhaps an appallingly large share — may be flowing away in excess transport costs instead of showing up in net profits.

How can this condition exist so generally?

One answer keeps cropping up . . .

MOVEMENT OF GOODS IS AN UNMANAGED END OF BUSINESS

This was the case in company after company whose transport operations were studied by the GMC Transportation Productivity Research Department, which was established several years ago. This research group analyzed transport operations in a broad variety of businesses that operated trucks to move materials and products, but whose main function was *not* trucking.

Individual, on-the-job studies took weeks, sometimes months, to complete. Among the companies studied were giants of the American commercial scene—certainly well managed in all primary functions.

LITTLE ATTENTION TO AREAS OF GREAT COST

Although movement of goods in many companies surveyed amounted to 10, 20 or even 30% of the total cost of doing business, transportation was seldom under direct control of top management men. Their interest was reserved for integral functions, such as sales and production. Carting the goods was regarded as a necessary, but *side-line* operation—hardly rating a side-long look.

RESULT - EFFICIENCY SUFFERS ALL DOWN THE LINE

When top management neglects transport, that neglect sifts all the way to the bottom and insidiously undermines efficiency:

- Trucks are purchased with engines, axles, or other components not designed to fit the job.
- Obsolete trucks are kept in service to "keep costs down" when new trucks could
 do the job better at less cost—price included.
- Dispatchers, through poor loading and scheduling procedures, can seriously
 impair fleet efficiency.
- Shop activity is devoted more to costly repairs than money-saving preventive maintenance.

IN MOVEMENT OF GOODS

 Records are inadequate, poorly kept, and often do not lend themselves to ready analysis... thus transport operations are blanketed in obscurity.

IMPROVEMENT REQUIRES TOP MANAGEMENT SUPPORT

Many of the companies studied have improved, even revolutionized, their methods for handling physical movement of goods. And in each case, two elements have been apparent: one, top management has actively supported and directed the effort; and, two, a plan has been instituted that involved careful analysis of operating equipment, scheduling, materials handling and the other pertinent factors.

GMC OFFERS COST-REDUCING TRANSPORTATION

The assigned task of GMC people is to offer efficient transportation. Theirs is the job of analyzing your operation, then providing the *right* equipment. In this way, GMC can help you turn excessive overhead into profit dollars.

The reasons these people are so well equipped to offer this service are shown on the following pages. We invite your attention in terms of your own needs and situation. Also, we offer you at no charge an interesting and unusual report of the GMC surveys, entitled "SEVEN COMMON PROFIT LEAKS IN TRUCK TRANSPORTATION."

Published by the GMC Transportation Productivity Research Department, this report describes, clearly and concisely, the most usual profit leaks uncovered in company-owned truck fleet operations. Some of the case histories include recommendations for increasing efficiency.

This report may point out parallel situations in your own company, and suggest practical corrective action.

To receive your personal copy, just have your secretary mail the coupon below.

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General Sales Manager GMC Truck & Coach Division Pontiac, Michigan

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Position______
Company_____

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TO REDUCE COSTS AND PRODUCE PROFITS, A COMPLETELY NEW KIND OF TRUCK WAS NEEDED

So in late 1959, GMC unveiled the biggest engineering, design and quality-control program the industry has ever known. It brought together a team of engineering, manufacturing, service and sales people with a single purpose . . . to build the kind of quality equipment that would contribute directly to the reduction of a company's operating costs and thus to an improvement in its profit position.

Existing concepts, blueprints, even machinery in a huge factory were scrapped. Using new designs, new materials and advanced production methods, GMC achieved great breakthroughs in engine, chassis, and cab engineering. Result — the most advanced trucks in 20 years.

Two years of operation and experience on every type of hauling job, over every type of terrain, under every conceivable condition have resulted in refinements that can come only from miles and miles of inservice use.

Now, in the records of major fleets across the country, these proofs appear: Proof of performance; proof of outstanding economy; proof of profit-producing efficiency. Proof that GMC representatives have applied this unusual equipment to the financial benefit of its users. Some of the specific benefits are outlined at right.

Example: New-Concept Highway Tractor—a Payload Boon to Haulers



Example: GMC 'V' Engines Provide Wide Range of Economical Power



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This newly conceived tractor with its short, 48" aluminum tilt-cab, space-saving design and light but rugged chassis can haul more than 2,000 pounds of extra, legal payload on every trip. To commercial haulers this can mean \$2,000 extra earnings a year. To companies hauling their own goods it can mean fewer runs — or perhaps even fewer trucks.

With this GMC 105" Conventional cab model of you have a choice of 20 axle-transmission combinations, which exemplifies the tremendous variety of standard factory options available to GMC buyers. Whether your company transports concrete, hatbands or hardware, GMC can custom fit one truck or a fleet to serve your needs.

Under the hood of this GMC 90" Conventional cab model is the most powerful standard gas engine offered in any truck—GMC's exclusive Twin-Six. Like the exclusive V-6 and popular GMC 2-cycle diesels, it develops peak torque at low, engine-saving, fuel-saving speeds and maintains its high torque even at cruising speeds, for steady pulling power.

A multitude of vexing, time-consuming and costly truck problems were eliminated when GMC engineered this versatile 72" Steel Tilt-cab tractor. Short cab and set-back front axle permit pulling long, high-capacity trailers, more profitable payloads. Maneuverability is unexcelled, and cab tilting exposes entire engine for fast, easy service or inspection.



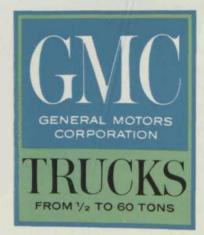
Example: Owners Benefit From Custom Fitting with Standard Factory Options



Example: New Steel Tilt-Adaptable and Maneuverable



GMC MAKES A FULL LINE OF TRUCKS FROM ½-TON TO 60-TON . . . AND THERE'S ONE EXACTLY RIGHT FOR YOU! So if you use trucks to move goods, it will pay you to take a careful look at the profit possibilities that exist in your present operation. Please consider your nearest GMC Dealer, who is supported by all of the GMC Truck and Coach Division services, as a ready source of advice and assistance on your transportation programming.



EXECUTIVE TRENDS

continued

ford University's Graduate School of Business and Department of Psychology holds that in various functional fields of management, certain common personality traits are often found.

Here are some he identifies:

Sales managers are interested in power, status, in persuading people. They are verbal-minded, less theoretical in their interests than people generally, more inaccurate than managers generally. They are optimistic, enthusiastic, masculine and dominant.

Production managers are interested in things and in numbers. They are highly competent in mechanical aptitude and numerical operations, less so in verbal skills. They welcome responsibility and are afraid of failure. They are practical and place a high value on status.

Finance and accounting managers are interested in making order out of chaos. They are highly able in quantitative reasoning, less so in verbal reasoning. They are relatively critical and less optimistic than sales or production managers.

Details of Professor Harrell's observations can be found in his new book, "Managers' Performance and Personality," published by South-Western Publishing Company.

Here are some tips which may help you save valuable hours of your work day.

Combine similar activities—such as telephoning. Make your business calls at one time of the day.

This suggestion comes from William P. Stilwell, assistant director of the University of Wisconsin's Management Institute.

Mr. Stilwell says an executive's time can be more efficiently used, and the number of his activities appreciably reduced, if he categorizes his work in four ways: 1, must do; 2, should do; 3, can do; and, 4, should not do.

The "should" jobs ought to be done only when your "must" activities have been completed. Activities in the "can do" category should be delegated.



"Glad to get rid of sopping and sticking stamps-"

"We're the exclusive distributor in this area of certain makes of TV and radio parts. The whole office force is me. We don't have much mail—a few invoices and letters a day—but I do appreciate the little postage meter. I was glad to stop sticking stamps, and worrying about postage being safe in the stamp box. And it saves me trips to the postoffice, which is a long walk from here."

What will a postage meter do for you? It does away with old-fashioned adhesive stamps that stick and get stuck, are perishable, negotiable, must be safeguarded—and always run out when you need them. Metered mail is more convenient than government stamped envelopes, too!

A meter enables you to print postage as you need it, right on the envelope—any amount for any kind of mail. Or on gummed tape for parcel post. You always have the right stamp! And with every stamp you can print your own ad on the envelope.

Your postage is always safe from damage, loss, misuse; and is automatically accounted for on visible registers. You buy postage by having the postoffice set the meter for the amount you want.

Mailing is fast, easy, neat. Metered mail needs less handling in the postoffice, can often make earlier planes and trains.

There is no minimum mail volume. One-third of DM users average less than \$1 a day for postage! Now, even the smallest office can have all the benefits of metered mail.

Ask the nearest Pitney-Bowes office for a demonstration, with no obligation. Or send the coupon for free illustrated booklet.

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Larger electric models stamp and seal up to 175 letters a minute.





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We work best because we work together

People who work together make products that

work together.

Take the Call Director telephone for example. To the left is one of the blueprints for this telephone, prepared by an engineer from Bell Telephone Laboratories. In the center is a step in production at Western Electric's Indianapolis Works. At the right, a Bell Telephone company installer prepares a Call Director telephone for service in an insurance office in Omaha.

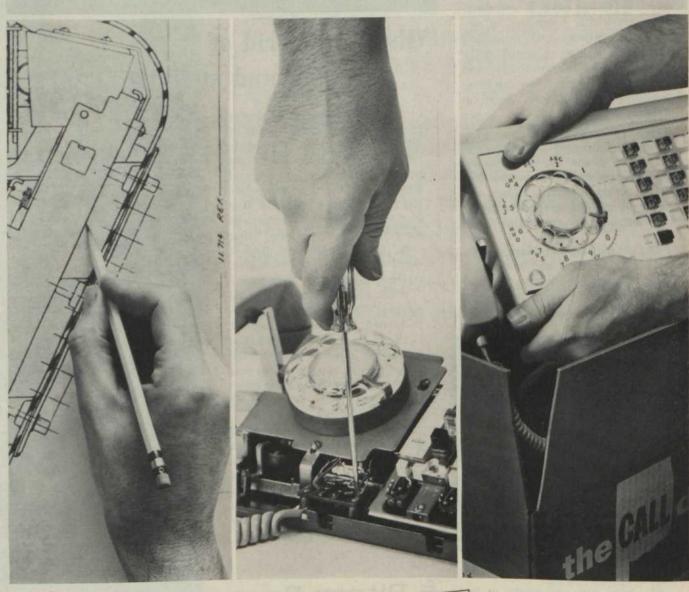
That would seem to make three separate jobs. Actually from blueprint to installed equipment, the three members of the Bell System have worked together on just one job: each helps pro-

vide the most reliable, most flexible, most versatile telephone service in the world.

Bell Laboratories conceives and develops the products we make. Western Electric manufactures them to the Bell System's high-quality standards at reasonable cost. Bell Telephone companies operate them to bring you communications service so reliable you take it for granted.

The responsibility shared by the three members of the Bell System for better telephone service is the force behind innovations which have brought Americans the finest — and the most — communications anywhere.

We work best because we work together.





TRENDS: WASHINGTON MOOD

President hits harder as bipartisan support fades

BY MERRIMAN SMITH

This is the time of year when snows west of Washington begin to melt, spurting freshets into the upper Potomac. By the time the muddy old stream reaches midtown Washington, it has a late winter tendency to lap over the seawalls from the Watergate beside the majestic Lincoln Memorial down to Hains Point where the public golf course still wears a cold weather coverlet of brown, puddle-pocked grass.

Potomac floodtides, at least in the immediate Washington vicinity, seldom are dramatic. Occasionally a cabin cruiser breaks its moorings. An early herring fisherman may tumble into the cold foamy water with too many clothes on and thus curb his fishing career with finality.

The political situation in our town is somewhat similar to conditions on the Potomac. Freshets far from the capital itself are beginning to spill into the main stream of politics. Often predictable tides now rip and riffle erratically. And to beg a comparison as old as the river itself, the political waters are muddy and swirling.

Democrats and Republicans from White House to halls of Congress are busy in their bunkers laying up shot and shell for the autumn congressional and gubernatorial elections. George Romney, the American Motors president, is delighting reporters, causing concern for some Democrats and encouraging some Republicans. Certain Republican factions in his home state are pleased that Mr. Romney will seek the G. O. P. gubernatorial nomination in Michigan.

The Republicans are running regional schools to pep up men and women who must ring doorbells this fall. Former President Truman pops in and out of town with his quiver of ever-ready shafts for all Republicans—men, women and children. Limousine rental service (\$7.50 an hour with a minimum charge of \$15) is booming because of interested parties from out of town—the pro and con causists in Washington seeking special treatment, but certainly no favors. And seeking in any case, justice; the noble noun, not

Merriman Smith is the White House reporter for United Press International.

the department. The White House zings with activity as President Kennedy and his advisers attempt the tightrope task of belting the Republicans for not recognizing progressive legislation when they see it and still trying to fan the dimming embers of bipartisanship.

There are, to be sure, certain areas of legislative consideration which normally command a moderate amount of professed party togetherness. Such apolit-





Senator Byrd, right, was G.O.P. choice to investigate stockpiles; Senator Symington, President's choice

icality usually is professed rather loudly since it is exceedingly rare.

Both sides, however, find it easy to denounce each other for being insufficiently bipartisan. Genuine mutuality usually is forged only under the flame of genuine crisis. Short of having the enemy at the gates, major political factions tend to regard bipartisanship chiefly as a dreadful lack in the other fellows.

Mr. Kennedy, as many other Presidents, wants all congressional and public support possible for his entire legislative program. But he is enough of a political realist to know that many of his proposals will be seen through an election glass darkly.

The President knows he can count on a certain

TRENDS: WASHINGTON MOOD

number of Republican votes for basic defense and space plans, although there will be inevitable alteration of his appropriations up and down. After defense, the degree to which he may expect bipartisan support becomes rather iffy.

Foreign aid and foreign trade once were fairly reliable areas in which a President could pick up sizable opposition backing. But he can't bet on it this year. Some of his opposition carries his own party label. Some conservative Southern Democrats regard certain of their Republican colleagues rather fishily for supporting proposals that are distinctly unpopular in segments of the Dixie constituency.

It seems to have occurred to Mr. Kennedy that with coalitions hardening in Congress along apparently durable lines, he may be running out of bipartisanship, which attended some of his earlier legislative efforts. This conclusion is supported by his almost startling shift to the attack, his switch to fighting in the open.

The President also fought last year, but largely behind the scenes with friendly we're-all-in-this-together telephone calls and the handy pressures of properly applied patronage. By contrast, he now engages in frontal hammering when he likes the target.

He had a good political fight on his hands over creation of a new Department of Urban Affairs and Housing and his unusual preselection of its head as the first Negro cabinet member, Housing Administrator Robert Weaver; federal aid to schools; a reciprocal trade plan giving him authority to abolish some tariffs and cut others heavily to help American trade in the European Common Market; and health care for some of the aged financed through social security taxes.

The President obviously knows he may get little more than samples of these items from Congress this session. But he also realizes that coalition is a game for any number of players. Hence, some tender, loving care by the White House congressional liaison staff for flexible Republicans, as well as balky Demograte.

The G. O. P. leadership sees this strategy developing and is maneuvering accordingly. Witness the Republican reaction to Mr. Kennedy's drums-and-thunder call for a tell-all investigation of the government's \$7.7 billion stockpile of strategic material. The opposition leaders were intensely interested as the chief executive bade his good friend, Sen. Stuart Symington of Missouri, to direct the inquiry.

The President blamed contracts signed "prior to this Administration's taking office" for current government inability to shut off the flow of still more stockpile items not needed. The 1962 theory is that if war comes, the havoc and destruction of thermonuclear weapons will obviate the emergency need for mountains of raw materials for long-pull manufacturing. When much of the strategic stockpile now alarming the President was being pulled together,

the concept of a war emergency ranged from three to five years. In his reference to contracts, the President obviously was not casting a shoe at the Truman Administration. His target was the stockpiling record of the Eisenhower Administration.

The Senate Republican leader, Everett M. Dirksen of Illinois, instead of railing against Mr. Kennedy and Senator Symington, executed an elegant glissando. He glided right through the Kennedy intimations to an island of conservative assurance—Sen. Harry Flood Byrd of Virginia, a Democratic power whose detours away from the New Frontier sometimes are lengthy. With angelic confidence, Senator Dirksen said if there must be an investigation, he'd be most happy to see it handled by Senator Byrd.

The White House reacted to this kind suggestion with what might best be described as mild restraint. Senator Byrd is chairman of the congressional Joint Committee on Reduction of Nonessential Federal Expenditures. This House-Senate Committee also has a stockpiling subcommittee. Senator Byrd also is chairman of the powerful Senate Finance Committee and second ranking Democrat on the Armed Services Committee. Furthermore, Senator Byrd's equally conservative Senate colleague from Virginia, Willis Robertson, is chairman of the congressional Joint Committee on Defense Production which also keeps tabs on the strategic stockpile.

Somewhat lower in the Capitol Hill structure is Senator Symington as chairman of the Senate Armed Services Subcommittee on Stockpiling. As this was written, Senator Symington clearly preferred the primacy conferred on him by Mr. Kennedy. Senator Byrd was courtly about the whole business and moved ahead with his independent inquiry on the soft-spoken theory that since the stockpile seemed so menancingly mountainous from the White House view, there were investigative opportunities aplenty for his House-Senate Committee and Senator Symington's smaller Subcommittee.

"The job is big enough for both of us," Senator Byrd said assuringly. Should the investigation prove to be an even larger chore, there was always the other Virginia Senator and his Joint Committee on Defense Production.

If the White House was restrained at first about the unexpected help from Virginia's Senator Byrd, Senator Dirksen certainly seemed to have reason for kindliness to spare. After all, he was assisting a Democratic investigation with a powerful member of the President's own party.

With some of the Administration's more important legislative requests having to pass through Senator Byrd's Finance Committee, it was a navigational necessity for Kennedy & Co. to watch for partisan reefs, as well as bipartisan shoals.

Meanwhile, back in Detroit, Mr. Romney took constitutional trots in the snow and shouted to breathless interviewers about the need for doing something about the overconcentration of power in government.

Mr. Romney, meet Senators Byrd, Robertson and Symington. And, oh yes, Senator Dirksen.



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METEOR	120.5 sq. in.	2843 lbs.
FAIRLANE	120.5 sq. in.	2757 lbs.

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FAIRLANE	Coils/leaf springs	700 x 13 (V8)
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GALAXIE	Coils/leaf springs	750 x 14 (V8)

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BISCAYNE	135 hp/217 ft. lbs.	170 hp/275 ft. lbs.
METEOR	101 hp/156 ft. lbs.	145 hp/216 ft. lbs.
FAIRLANE	101 hp/156 ft. lbs.	145 hp/216 ft. lbs.

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TRENDS: THE STATE OF THE NATION

What's in a name? Let's look at "stand-by authority"

BY FELIX MORLEY

ALL OF US realize that poor Juliet, in Shakespeare's play, gave an imperfect answer to her own poignant question: "What's in a name?"

"A rose by any other name," argued this anguished teen-ager, "would smell as sweet." Nobody can deny that. But what Juliet should have added, to get the picture in perspective, is that a sewer by any other name would be as foul.

Among the scholars, real and phony, who are found in government service there must have been some who took Juliet's selective phraseology to heart. One of them dreamed up the phrase "presidential stand-by authority." It is an expression as misleading as it is mellifluous. One must delve into it to realize what this authority really means.

. . .

Dictatorship, by reason of its association with characters like Hitler and Mussolini, Khrushchev and Castro, is one of the nasty words. Yet dictators, as in the case of Marcus Aurelius, have not infrequently been pleasant and well meaning. All that the word really signifies is a ruler who has successfully by-passed every constitutional restraint on his authority. In so doing he may quite sincerely have only the welfare of his people as his objective. Indeed there have been few dictators who did not at least make this claim.

The hard-headed architects of our Constitution knew that dictatorships are as easy to establish as they are difficult to displace. They knew that the danger comes from the executive rather than the legislative arm of government. So they deliberately placed the control over all governmental spending in the Congress, especially in its more democratic House of Representatives.

Thus the Constitution, as it stands today, gives to Congress alone "power to lay and collect taxes." It stipulates that "all bills for raising revenue shall originate in the House of Representatives." It further ordains that "no money shall be drawn from the Treasury, but in consequence of appropriations

made by law." And, in the case of military expenditure, it provides that "no appropriation . . . shall be for a longer term than two years," this being the lifetime of each Congress.

The reason for all these precautions was to keep "the power of the purse" under the constant control of the representative legislature. "Taxation without representation is tyranny" had been a battle cry of the American Revolution. So, in setting up a government for free men, the Founding Fathers were unani-



Who holds spending power has always been a key issue in man's struggle for freedom

mously determined to limit the spending power of the President. This was most strongly emphasized in the case of military expenditure, but was implied for all other forms. It was assumed, perhaps too optimistically, that any executive attempt to seize the spending power from Congress would be immediately detected and resisted. As Alexander Hamilton wrote in this connection, in No. 26 of the Federalist: "Schemes to subvert the liberties of a great community require time to mature them for execution."

Until recent years, under the spirit as well as the

TRENDS: STATE OF THE NATION

letter of the Constitution, this congressional control of expenditure was rigorously maintained. Not merely actual appropriations but also authorizations to spend were customarily made for the life of a single Congress. When there were exceptions to this rule it was fully understood by the White House that each new Congress could not be bound by the acts of its predecessor; that it possessed full right of review and revision.

. . .

This is the time-tested system, designed to nip any authoritarian movement in the bud, which the device of presidential stand-by authority would undermine. For what these seemingly innocent words actually mean is a surrender to the executive of the congressional power of the purse. And this is a much more serious matter than continuous deficit financing, bad though that is. A fully responsible Congress should always make sure that revenue is available to cover the expenditure it approves. But to fail in this is certainly preferable to giving up the power to achieve a balanced budget.

Yet this surrender is in two cases requested by President Kennedy in legislation now pending before Congress. He asks for discretionary authority to make huge public works expenditures, up to \$4 billion a year, whenever the numbers of registered unemployed seem to be rising; and he asks for similar stand-by authority to reduce taxes, up to five per cent, whenever such action would seem to him a desirable economic stimulant.

. . .

These dubious proposals are both made subject to congressional veto, after they are inaugurated, and are otherwise dressed up in disarming form. In respect to taxes, for instance, it is only authority to reduce that Mr. Kennedy currently suggests. Such a precedent, however, could readily and reasonably be followed by an executive demand for authority to raise taxes at discretion. If granted on the downside there would be no logic in refusing it for the upside.

In either case, the constitutional power of Congress "to lay and collect taxes" would be adversely affected. This fact is not obscured by the President's assurance that he seeks to preserve "the wise traditional procedures of the Congress for making permanent revisions and reforms in the system." Innovations of this sort are temporary only until the camel's nose is well under the tent. And the point about unadulterated congressional control over taxation is not that it is wise tradition, but constitutional as opposed to arbitrary personal government.

The location of the power of the purse has always been the central point in mankind's uphill and often unsuccessful struggle for freedom. The landmarks are historic. In 1649, a king of England was beheaded for insisting that the raising of revenue from his subjects was by divine right his personal prerogative. In 1793, a much less stubborn king of France met the same fate for essentially the same reason. In 1945, largely at our insistence, the emperor of Japan dropped the "divine right" pretension.

No chief of state is ever again likely to claim supernatural sanction for raising revenue and spending public funds at his discretion. But the same end of evading restraint can be attained more subtly by arguing that executive independence in this respect is more efficient, or justified by national emergency. In countries of Anglo-Saxon origin it is not easy to sell this argument, since for more than three centuries they have practiced legislative control over public spending and found it good. Therefore the first steps backward must be very cautious. Congress is asked to relinquish just a little of its financial power, of course temporarily and of course within defined limits. Only a very unobservant citizen would expect these initial safeguards to be long maintained.

. . .

The seductive device of stand-by authority was tried on this Congress a year ago. Then it was argued that a five-year authorization, in certain forms of foreign aid spending, would make that program much more effective. It was said that long-range planning demanded the relinquishment of constant congressional oversight and it was suggested that Congress lacks the information to justify control. Whether such points were true or false, the Congress properly refused to abrogate its constitutional responsibilities.

The present request for executive independence is in two wholly different fields. The authority sought now is to tinker with taxes and to launch huge public works programs outside of legislative channels. This extension of the plea for abdication of congressional control is ominous. It suggests that what the bureaucracy seeks is not so much a solution for any particular problem, but rather a broad extension of executive power which, if carried far enough, would make the Congress a superfluous organ.

This additional executive power, said President Kennedy in his Economic Report, is only sought "in situations where time is of the essence." So far as the problem of residual unemployment is concerned it is not time but rather a more realistic wage structure that is of the essence. And for the broader implications of presidential stand-by authority, what is most clearly of the essence is preservation of the American system of constitutional government.

Unquestionably the restraints of that system are irritating to any executive in a crisis period. Much could be done quicker if legislative and judicial controls were weakened. Because the communist countries cut these corners they sometimes gain temporary advantage. But for us to adopt the techniques of communism would be, in effect, to justify Khrushchev. That is the one mistake we cannot afford to make.

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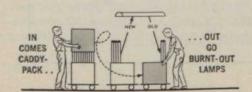
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GENERAL TELEPHONE & ELECTRONICS



ECONOMIC WEAKNESS SLOWS KREMLIN PLANS

Growing discontent of Soviet citizens could affect outcome of the cold war

RUSSIA'S ECONOMY is headed for serious trouble.

The depth of this crisis has gone little noticed by a free world preoccupied with the headline-making problems of Africa, Southeast Asia and an ideological squabble among communist leaders.

Yet the industrial and agricultural disorders building up in the Soviet Union and most of its satellites constitute potentially the greatest threat to international communism to arise since Hitler's armies stood in sight of Moscow.

To survive, communism must expand, but expansion by military force has become risky. Hence, the Soviets must spread their power by economic means, which depend on the Red bloc's productivity. It is precisely in this area where the communist machine is bogging down

So serious is the situation that Russia's bosses will give it top priority when an extraordinary session of the Communist Party Central Committee meets this month. Russia's economic troubles range from shocking crop failures to rising public discontent with the amount and quality of goods consumers can buy. The problems are reflected in increased black marketeering, pilfering of state property, failures of key factories to meet their output quotas, ridiculous mistakes by the state's central planners and flourishing activities by "Chastniki," illegal private enterprisers who operate right under the noses of frustrated party dogmatists.

The long-run significance of these developments is two-sided. They could discredit the communist method of economic development, making it less attractive to under-developed countries looking for a shortcut to growth. In Russia they could lay the groundwork for an eventual collapse of communist control over the loyalty of the population.

Symptoms of the Soviet Union's economic disease are not hard to find. Reports have been brought back by recent western visitors to the USSR. Other information flows almost daily into the dossiers of American diplomatic and intelligence experts. Many of the symptoms can be identified by a close reading of Soviet newspapers and journals. The principal disorders fall roughly into these categories:

1. A chronic inability to stabilize

food production.

2. Persistent lack of improvement in the quality of civilian goods and items earmarked for sales abroad, where the Soviets hope to win markets away from the West.

3. Hidden inflation and price

4. Paralysis of industrial innovation and managerial initiative.

Much has been made of Russia's rapid economic growth. However, the most recent figures brandished by Soviet leaders disclose, on close scrutiny, that the country's growth rate actually is slowing down, and its economic problems are growing larger as the volume of production expands.

Stung by mounting economic dif-

ficulties, the regime has countered by making personal attacks on key managers in its industries, dismissing agricultural and industrial officials in wholesale lots and imposing harsh new penalties on the Soviet citizenry for economic crimes against the state.

Shortages embarrass Kremlin

The fact that civilian goods are scarce in the Soviet Union is not news. Just how scarce is not generally recognized, however. In one area—automobiles—the Soviet government recently became so embarrassed by publicized shortages that it abruptly stopped the practice of putting people on waiting lists. The lists had gotten so long that some authorities figure it will take the USSR five years to fill existing orders.

Less well known than the defects in consumer goods production are deficiencies in the heavy-industry segment of the Soviet economy, an area which Red leaders have often chosen to boast about. A new report prepared by a Soviet economics specialist in our own government lists 60 examples of inefficiency. He says the causes of Russia's economic troubles stem from unrealistic production targets set by bureaucratic planners operating under party pressure, insufficient investment, backwardness in methods of production and disproportionate funneling of the country's skilled manpower, best materials and capital into the production of armaments and space hardware.

"Another basic fallacy in the Soviet system," the expert told NATION'S BUSINESS, "is the communist party's unwillingness to recognize that you can't change human nature. Man, by nature, is a private enterpriser—an acquisitive animal. He wants his own land, his own goods. Decades of communist propaganda and the repressive methods of Stalin have been unable to snuff out this spark.

"Thus, today, one finds that 25 per cent of all food consumed in the Soviet Union is produced on the small private plots which the government still permits collective farmers to own. The regime couldn't supply the nation's food needs from its collective farms. Russian farmers, workers and managers simply

do not have sufficient incentives to do a good job."

Under the dictatorship of Stalin the government was able to shortchange consumers, but now there is evidence that a significantly large number of the people are no longer willing to be denied a rising standard of living.

Ironically, Premier Khrushchev, himself, set in motion forces to improve consumer goods. Under his rule, Russians have had an unprecedented opportunity to travel abroad, to admit outsiders, to see the fruits of other economies, and to draw comparisons with their own. As a result, complaints about shortages and the shoddy quality of goods are high.

Put a stethoscope against Russia's economy and you hear these rumblings:

Inadequate food production

When he addressed last fall's Twenty-second Soviet Communist Party Congress, Khrushchev admitted that "agriculture has been in difficult straits."

This was a monumental understatement.

A recent official Soviet report on agricultural production shows that grain production last year was 137.3 million metric tons, down from a postwar peak of 141 million tons in 1958. Early in 1961 Premier Khrushchev said the government planned to buy 60 million to 62 million tons of grain for nonfarm use during the year.

Soviet farms were able to deliver only 52 million tons. Declines in cotton and meat production also were noted. Last year was the third poor crop year in a row for a country where the average person subsists on a diet made up largely of starches.

Western authorities estimate that millions of cattle perished last year for lack of feed.

In Siberia and southeastern Russia, Khrushchev's single-minded effort to cultivate the virgin lands has failed to yield results worth the capital and manpower invested. Soviet agricultural scientists who opposed this grandiose scheme from the start thus far have proved themselves right.

(continued on page 106)



Red-faced Red: Failures in the Soviet economy are an embarrassment to V. K. Novikov, chairman of the USSR state planning commission. But for artists on "Krokodil," a Russian humor magazine, the economic problems are tempting targets





Collective farmer: "We're doing great."



"We're in luck. Spare parts for the tractors have arrived."

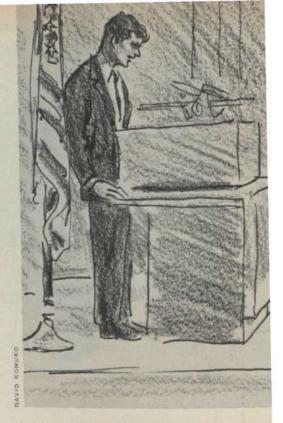


"Mom, I want to read a fairy tale."

"Then read one of daddy's plan fulfillment reports."

Subtle lobbying pushes Kennedy program

Administration tries new approach to win friends and influence legislation



Press was barred from

ATTORNEY GENERAL ROBERT KENNEDY with gracious informality told his audience:

"Make arrangements with my office to come on down and we can

talk and exchange ideas."

He was speaking not to his own Justice Department employes but to 600 Capitol Hill aides who help their congressman employers produce legislation and serve voters back home.

These administrative and legislative assistants, secretaries and congressional committee staff specialists were settled comfortably in the plush new State Department auditorium where President Kennedy holds his televised news conferences. Practically the whole Cabinet was on hand to brief them.

They were a part of the newest experiment in the Kennedy Administration's sophisticated campaign to win friends and influence legislation.

Every vote will count on many of the controversial measures President Kennedy will try to steer through an often-reluctant 1962 session of Congress. So any and every way to improve congressional relations and soften the opposition will be tried.

This was only the first in what will probably be many meetings to attempt to affect legislation by this end-run approach.

On this recent chill afternoon, Vice President Johnson warmly



meeting where Robert Kennedy and other Cabinet officers courted congressional aides

praised the Capitol Hill aides. "Because the President and I both have served as senators, we fully appreciate the extent to which you who are here are called upon for guidance, advice and suggestions," he told them. "I don't know any people anywhere who collectively are going to have a chance to make a better contribution than you, the people on the Hill, to determine what the Eighty-seventh Congress does."

Agriculture Secretary Orville Freeman called them "very important cogs in this business of government." Secretary of Health, Education and Welfare Abraham Ribicoff termed their roles vital and asked them to encourage their bosses to support administration legislation.

Press barred from meeting

So it went. For nearly four hours, Lawrence F. O'Brien, the White House's congressional liaison chief, introduced members of the President's Cabinet to compliment and court the top aides to the lawmakers who will have to pass on the Kennedy legislative program. The press officially was barred from the meeting, ostensibly to give the congressional people more of a feeling that the briefing was for their ears alone

If these sometimes-cloistered congressional assistants felt a little like Juliet when she said: "It is an honor I dream not of," that was part of the purpose.

As one administrative assistant to a southern Democratic congressman put it:

"It isn't every day you get to see the whole Cabinet in the flesh and have them brief you, ask for ideas and tell you how important you are."

A Republican legislative aide commented after the meeting: "These fellows don't have horns after all. This was a pretty objective presentation."

Not all the Hill employes were swayed by the imposing and novel briefing.

"It was just a plug for the Administration's programs," the legislative assistant to one Democratic senator told Nation's Business. "They pinpointed what they want, but they are overestimating my influence with my senator. I give him the facts and he makes up his mind—with the help of the Senate leadership, policy meetings and letters from home."

Another purpose of the briefing was to educate. This, too, bore results. A member of the staff of one important congressional committee observed:

"When you are counsel for a committee you can't keep up with the whole legislative program of the Administration and I certainly got a clearer idea of what the Administration wants. It was strictly soft sell; no hooks or pledges were involved. It was instructive. They told us what the country faces and how we should solve our problems."

A Republican aide grudgingly remarked: "It was very, very effective. A good way to undercut opposition. I wish we'd thought of it when Ike was in."

An Appropriations Committee staffer said: "The idea of congressional staff people meeting with and exchanging ideas with Cabinet members is alien to our way of operating. It's contrary to our traditions of separation of powers."

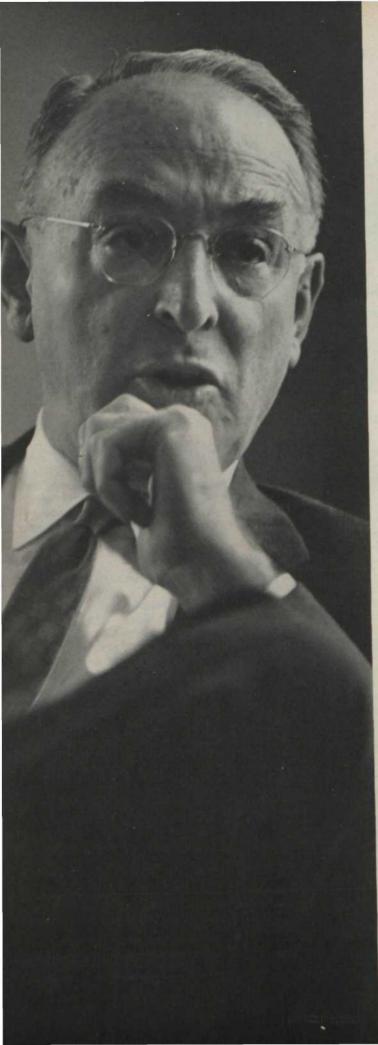
Certainly Congress recognizes the importance of keeping the executive branch at arm's length. Congress jealously guards its prerogatives. Many members resented President Kennedy's proposals last year to give the Executive more power to run U. S. farm programs and finance foreign aid. Many members scoff at his more recent recommendation to let the chief executive reduce taxes to stimulate purchasing power in a recession.

Law restricts lobbying

Congress also has regularly guarded against lobbying by the executive branch.

Public Law 125, an appropriations act passed last year, says: "No part of any appropriation contained in this or any other act or of the funds available for any individ-

(continued on page 114)



U.S. INTERVENTION KILLS COLLECTIVE BARGAINING

GOVERNMENT INTERVENTION in labor-management problems is a hot issue.

The steel industry and union are negotiating a new labor contract under strong pressures from the White House.

At the same time President Kennedy wants Congress to give him additional weapons for coping with disputes which threaten a national emergency.

What are the effects of federal intervention in labor disputes?

To get answers to this and other timely, important and related questions, the editors of Nation's Business interviewed the man who, more than anyone else, symbolizes government intervention.

David L. Cole, an attorney in Paterson, N. J., has served under four Presidents in various capacities in trying to settle more labor crises in more critical industries than any other expert in this field.

Besides being on the President's Labor-Management Advisory Committee, Mr. Cole is a member of the federal commission trying to keep labor peace at missile sites. He has been director of the Federal Mediation and Conciliation Service, chairman of the New Jersey State Mediation Board and served on numerous presidential boards which dealt with critical disputes in the steel, coal, railroad, airline, maritime, longshoring and other industries. He is impartial umpire for the AFL-CIO in preventing raids between unions.

David L. Cole, member of President's Advisory Committee on Labor-Management Policy, tells in this exclusive interview why it's better to keep government out of labor problems and how to do it

Among other things, Mr. Cole tells in this interview why some industries can get along without federal intervention while others seem to invite it, how intervention undermines collective bargaining and can lead to wage-price regulation, why he has on occasion advised government to stay out of labor disputes, and how union and employer can make effective use of outside help on a voluntary basis.

Mr. Cole, what are the hazards of government intervention in labor disputes?

Primarily, government intervention can undermine good collective bargaining. When a union and employer know that the government will intervene, and in what way, they can plan their bargaining strategy and tactics with this in mind.

We usually refer to free collective bargaining, meaning that both sides are free to work out their difficulties as they see fit with the restriction only that they maintain a sense of social responsibility.

But if the government intervenes to dictate wage and price policies we cannot have free collective bargaining. This is a contradiction in terms.

Can the government dictate one without the other?

No. There are some who feel that the government should not intervene in labor disputes except to moderate wage increases as a means of avoiding inflation. But inflation is a product of rising prices as well as wages. Once the government steps into private negotiations to regulate the wage increase, it is bound to take the next step—regulate price policies.

Obviously this would lead to a regulated economy. Enterprise would no longer be free. A great many knowledgeable people are seriously concerned about the possibility that the government may take such steps.

The public is also becoming more concerned about how strikes are settled. A few years ago the public was only interested in avoiding or ending a strike. Now it also wants the settlement to be sound and compatible with the public interest.

What do you consider the public interest to be?

There are four areas of public interest as I see it. One is concern with inflationary forces. Another is the ability of American industry to meet competition in world markets. A third concern is the image we create in the eyes of other nations, particularly the newly developed ones, in not being able to keep our industrial affairs in order. The fourth is avoiding labor disputes which threaten our national defense, particularly those which interfere with our missile and atomic energy programs.

Should the government make recommendations to protect the public interest?

When government representatives enter a dispute which affects the public interest, they have a duty at least to point out how the dispute is affecting a critical or vital public interest, and to caution both sides to take this into account in moving toward a settlement. If the parties remain or become indifferent to the public welfare, then I believe the government representatives have to become more assertive and perhaps make recommendations to the President which can be released to the public to indicate that the public interest has been pointed out to the disputants for their consideration.

I say definitely, however, that recommendations should not be used unless it is clear that the parties cannot be relied upon to arrive at their own agreement within a tolerable period, or in a form which adequately takes into account the vital public interest.

What if a voluntary settlement ignores the public interest?

This is a hazard we must face in a free industrial society. We cannot (continued on page 76)

HOW TO HANDLE YOUR NEW JOB

New problems go along with new opportunities

IF YOU'RETHINKING about changing jobs, you are not alone.

Few qualified managers stand still. Either they advance to new, more responsible positions in the same company, or go to another company which offers the opportunity they seek.

In either case, the new job will bring new challenges, as well as new satisfactions. Still, a change in jobs does not guarantee progress. Some men move ahead, others move around. What makes the difference? What determines the new man's success or failure?

Success will seldom hinge on technical competence. The new man already has, or will be taught, whatever technical skills he needs for his job. The real pitfalls lie rather in the field of human relations, especially in your relationships with:

- ► Your subordinates.
- ➤ Your colleagues.
- Your boss.

Even if you knew some of these people well before, you now stand in a new relationship to them. You must handle each new relationship with considerable sensitivity.

Your subordinates

A man's inadequacies in dealing with subordinates sometimes show up dramatically in a new job. One company hired a plant manager for a headquarters job. He was direct, resourceful, and decisive. What the company didn't know was that he felt he had to hold all the strings.

He could not accept the fact that the new job was so big he could not control every detail; he had to rely on the information, experience, and judgment of his subordinates. Having had no real experience in delegation, he didn't know whom to trust nor how far to trust them. He made a series of mistakes—more through panic than through lack of judgment and ability.

Of all the problems a new man faces, that of taking the place of his predecessor is often the most difficult. The former boss may have been strong or weak, friendly or remote, a bear for detail or a great idea man.

Whatever his style, his subordinates are used to it and have adjusted to it. They'll make comparisons and, at the start, the comparisons are not likely to favor the new executive. But no one can imitate another man's pattern, no matter how admirable. You will soon be in trouble if you try.

The new executive must consider not only the personality of the former boss, but the team pattern that was formed around him. If the

predecessor was weak at figures, there's probably at least one subordinate who's excellent at figures, and who would hate to be displaced as chief mathematician. If the former boss insisted on getting facts firsthand, he may have had more men reporting directly to him than the new boss wants to handle. If he ruled with a strong hand, his subordinates are not accustomed to responsibility.

If the pattern is wrong for the new boss, he has the right and the responsibility to change it. But it takes time to change habits, attitudes and ways of operating that have been formed over a period of years. Unless the organization is in a state of collapse, it will probably function as before, certainly long enough for the new man to decide what changes he needs to make.

Does a subordinate seem ineffective? He may be, but there may be reasons why he was more effective for your predecessor. Perhaps you can work with him differently or find another spot where he can do better.

A sales engineer one new boss inherited turned out to be of little use at selling—but he came to life whenever the project involved the improvement or modification of a product. When it was suggested that he might be able to use more of his talent in research, he gladly accepted a transfer and became a bold, productive worker.

But wholesale transfers are not usually the answer to a new man's problems with subordinates. Most people will do a good job where they are if given the chance. In fact, most people are performing nowhere near their potentialities. Psychological research indicates that the majority, including managers, could operate from 25 to 50 per cent more effectively than they do.

Change brings opportunity

A change of administration offers a real opportunity for improvement. One important cause of mediocre performance is the boredom that springs from routine.

This doesn't mean that people won't resist change, nor that they won't cling to their loyalty to the former boss. Who would want people working for him who were incapable of loyalty? The new boss can earn loyalty, too, not by aping his predecessor but by giving the best he has to give.

This includes more than intellectual brilliance. Management, by its very nature, can't be a solo performance. A manager's main job is to direct his subordinates; to bring out the best each has to offer, and to coordinate their work in a manner that brings the best possible results, both for the individual and the company.

A manager's first responsibility is the people who work for him. An employe who does a good job should feel that his boss will stick his neck out, if necessary, to get him a fair deal. He should feel also that the boss is a good man to go to in any kind of trouble.

What happens if you have the wrong people? If a man is ineffective or worse, and you are convinced that he won't improve after giving him adequate opportunity and incentive, you have to retire him if possible, or fire him. This is the most unpleasant duty of management-but in fairness to others it must be done.

What can a new boss do if he finds that his subordinates work well individually, but won't function as a team? What if the department is split by rumors, feuds, and factions? It's tempting to suppose that one or more individuals, who can be removed, are causing the trouble. But far more often a state of dissension reflects inadequate or unfair leadership.

Don't take sides if you can help it, and don't believe that you can restore teamwork by fiat. The only way to re-establish harmonious working relations is to give fair and firm leadership over a long enough period to restore confidence.

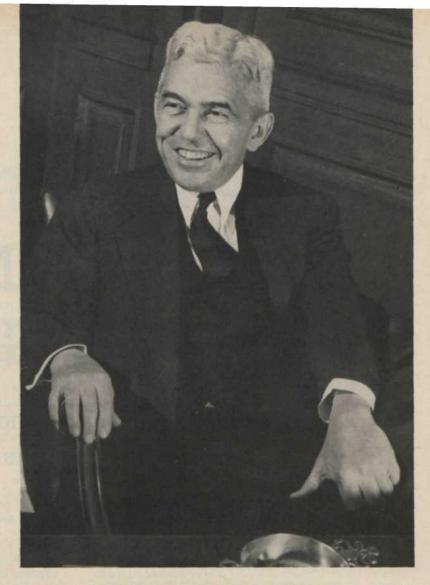
The best break a new boss can get is to step into a well qualified, well organized, and cooperative group that is doing good work. Beware, however, of the inclination to sit back and take such a group for granted. Every individual who does well wants to do better. He won't be content to remain at the same level indefinitely. What he needs most of all from his boss is the opportunity to grow.

Not every man will progress beyond his present assignment, but the same effort that helps some become promotable will help others to work more responsibly where

they are.

It's easier to talk of developing subordinates than to develop them. This is a time-consuming, painstaking job requiring attention to each individual.

Many young men in a hurry get bogged down in mediocre jobs, tied to the supervision of details, be-



William B. Given, Jr., the author of this article, is chairman of American Brake Shoe Company. A management authority, he has written two books on the subject

cause they have not taken the time and trouble to build up the abilities of their subordinates.

The best way to get ahead is to develop and promote the able people who work under you. No boss can use time more productively than in helping somebody under him to become more effective.

Your colleagues

Ideally these men should behave like a group of Boy Scouts eager to help the new arrival. Some may be eager to help; others may feel differently, for reasons that make sense to them. One man may resent the fact that he or his nominee didn't get the job; a second may suspect you're just a flash in the pan; a third may fear you as a rival.

Remember that most of these men don't know much about you. Unlike your new boss, they probably didn't review your qualifications or pass on your hiring. They have an organization that has been functioning pretty well without you. You'll have to earn your place.

This situation is basically the same you've encountered every time you've moved into a new group of equals-at school, socially, or on the job. This time you're stepping in at a higher level, and more will be ex-

pected of you.

Don't resent any reserve your colleagues may show for a time. Above all don't try to dispel it by telling them what a prodigy you are. They'll size up your abilities

(continued on page 46)

GOLD FLOW CRISIS MAY FORCE GAINS

Sound policies at home only solution to payments problem

BY WILLIAM F. BUTLER

Vice President, The Chase Manhattan Bank, New York

OUR NATION'S gold problem can lead to disaster or greater United States political and economic strength.

This may be the year of decision.

U. S. policy-makers must decide now which course the country will follow. The alternatives are:

 Unbalanced budgets, easy money, and excessive wage and price increases. These policies would bring inflation and stagnation in the domestic economy, persistent weakness in our balance of international payments, and erosion in our position of world leadership.

2. Stable wages and costs, a balanced federal budget in fiscal 1963, and more capital investment. Policies to encourage these developments would strengthen our ability to lead the world toward peace, freedom, and individual opportunity.

If we follow the second route, 1962 will mark the beginning of sustained economic advances in the U. S. and throughout the free world.

There are indications that we are turning toward the sounder policies that make for national strength.

An understanding of what the balance of payments is, how it can affect our economy and even our everyday lives, is necessary if we are to deal with the key questions of the present and future.

This subject is not so difficult as it is sometimes made to appear.

At present, we are running a deficit in our inter-

national payments. This deficit arises, not because exports lag behind imports, but because our surplus of exports over imports is not large enough to finance the payments we make in support of the defense and economic development of the free world.

Our basic position is one of strength. But even greater strength is called for if we are to carry on our role of leadership in the world. Thus, we need to improve our competitive position in world markets. If we can keep costs under control, avoid inflation, encourage investment and productivity, there is room for confidence that we can correct the imbalance in our international payments.

How we earn dollars

We receive dollars from other nations in several ways. By far the most important are the dollars we earn in selling our products. Our exports ran to \$20 billion last year.

We also provide a number of services for which we get dollars.

These include income on our overseas investments, insurance, freight transportation, travel of foreigners in the U. S., and banking. They yielded \$8.4 billion last year. Foreign investments in this country in

1961 totaled \$600 million. In all, the United States took in \$29 billion from the rest of the world.

What we spend abroad

We spend dollars abroad in several ways. Our imports of foreign products cost \$14.5 billion in 1961. We spend dollars for foreign services, such as foreign travel by U. S. residents, freight, insurance and banking services. We paid \$5.6 billion for these services last year.

We also pay out dollars in military and economic aid and our private citizens and corporations invest in other nations, either by buying securities or by setting up branch plants or subsidiary companies.

To build and operate military bases around the

eeWe must strive to keep our exports competitive

Short-term interest rates must be kept in line with those in other countries

eEfforts to reduce dollar drain of our aid programs must be continued

eeWe must improve the world financial system

world and support American troops abroad, we paid out \$3 billion last year. Our foreign economic aid and loans (after some repayments on past loans) ran to \$3.1 billion.

U. S. private long-term investment amounted to \$2.2 billion, and outward movements of short-term capital totaled \$3.1 billion. Some of these short-term funds help finance our foreign trade; some are remittances to home countries by foreigners working in the United States. However, other short-term capital movements constitute one of the problems that must be dealt with. Last year our payments for economic and military aid, plus capital movements, plus imports added up to \$31.5 billion.

The payments deficit

Since our receipts of dollars from other nations totaled only \$29 billion, we ran a deficit of \$2.5 billion.

Almost \$1 billion of this deficit was financed by foreign central banks or governments taking part of our gold stock. The remainder was financed by an increase in foreign deposits in U. S. banks or foreign purchases of U. S. Treasury securities.

Most forecasts are for a larger rate of deficit in the first half of this year than in 1961. Our exports are expected to hold fairly level while our imports rise as domestic business prospers. The hope is that U. S. exports can move ahead more rapidly during the second half of the year.

Before considering what steps might be taken to stimulate exports, it may be useful to ask: What does a deficit in the balance of payments really mean?

It does not mean that we are living beyond our means in the sense that we are losing our substance to other nations. Actually, the value of our foreign assets has increased faster than our foreign liabilities while our balance of payments has shown persistent deficits. Our excess of foreign assets over liabilities was \$38.3 billion in 1949 and \$44.5 billion in 1960.

We have been increasing our long-term investments in the rest of the world partly through gold transfers and increases in our short-term debt. This has been going on for more than a decade. From 1949 through 1960 our monetary gold stock declined \$6.8 billion and the short-term foreign claims against our gold rose \$16.4 billion. In the same period, our long-term foreign investments increased \$35.8 billion.

Thus, it can be argued (continued on page 94)

A LOOK AHEAD by the staff of the

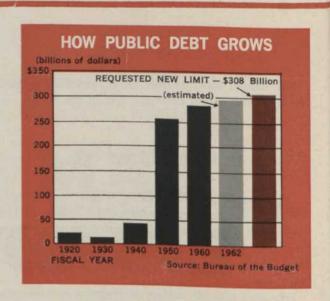
What farm bill provides

(Agriculture)

Social forces change markets

Backdoor spending under fire

(Government Spending)



AGRICULTURE

The Administration has proposed a comprehensive farm program which is intended to achieve four goals:

Abundance: Move the commodities produced into consumption through expanded use of food assistance programs (food stamp, school lunch, and a new food assistance program through the United Nations for underdeveloped countries).

Balance: Control production to achieve a balance with demand. Long-range mandatory control programs are recommended for feed grains, wheat, cotton and dairy products.

Conservation: Divert millions of acres into grasslands, forests, wildlife refuges and recreational areas.

Development: Expand the Rural Areas Development program, provide loans and technical assistance to local public rural renewal corporations and provide educational loans to farm youth.

CONSTRUCTION

Watch for coming proposals for big federal research programs in housing and community affairs. If put into effect, they could become devices for generating demands for greater federal intervention in these matters.

A move is getting under way to have the Housing and Home Finance Agency direct and subsidize a volume of research which is unprecedented in the housing and community development fields.

Programs of technical, financial, economic and social research have all been suggested. Some proponents also favor study programs on ways of training public agents and placing them in every urban community to funnel in results of federal programs and channel back reports on local problems and programs.

Substantial highly objective research is already being carried out in the fields suggested. Foundations, citizen groups, associations and quasi-governmental agencies are doing studies of recognized quality.

If more housing and urban research is needed, the course of wisdom would seem to be to continue these methods.

CREDIT & FINANCE

Once again the President has kindled interest in the report of the Commission on Money and Credit.

In his Economic Report the President reaffirmed Administration interest in the controversial study. "The Commission's findings and recommendations deserve careful consideration by the Congress, the Executive, and the public," the President said.

The opinions expressed in the President's message will be subject to much controversy, as has been the CMC report itself. During the past session of Congress, the only piece of legislation which resulted from the study was by Sen. Joseph

S. Clark, Pennsylvania Democrat. This bill, if passed, would incorporate at least six of the CMC recommendations pertaining to the Federal Reserve system.

Other bills will come since the CMC report includes more than 100 recommendations on fiscal and monetary policies.

DISTRIBUTION

Marketing experts are saying that social forces are changing the face of the consumer market.

An example of this change is the working wife. She tends to spend more on beauty parlors, clothing, restaurants and transportation than the stay-at-home wife. Ten years ago, about a quarter of all married women worked. Today, the figure is closer to one third.

One trade study shows that living patterns and spending patterns change when both man and wife work. For instance, convenience foods and labor-saving devices are a must.

Also, both men and women tend to spend an unusually large portion of their income on personal effects. This has created new emphasis on grooming aids, health aids and dietary products.

Trade sources point out that marketers have tried to keep on top of such changes—altering their products and approaches to fit new demands.

But, according to these sources, in the decade ahead change will become more rapid, more definite.

Chamber of Commerce of the United States

FOREIGN TRADE

Export volume for 1962 is expected to beat the 1961 total of more than \$20 billion.

Congress is likely to approve, in somewhat modified form, the President's request for new authority to negotiate with other countries for mutually beneficial trade concessions on expiration of present authority on June 30, 1962. Such new authority is not likely to influence the 1962 export picture greatly.

The anticipated expansion of exports will depend in no small measure on domestic factors which will help to keep U. S. goods in a favorable competitive position in world markets.

Among the domestic influences will be the ability to keep wages in line with productivity.

Meanwhile, wages are rising faster in many other countries than in the United States.

Another factor which may influence exports is the continuing high rate of U. S. foreign private investment. Historically our exports have been greatest where our investment was greatest. Moreover, America's income from foreign investment has regularly exceeded outflow.

GOVERNMENT SPENDING

The Administration's urgent request to raise the debt limit by \$10 billion has produced important side effects.

Sen. Harry F. Byrd, Virginia Democrat, announced a full-scale investigation of the country's financial condition by the Senate Finance Committee of which he is chairman.

In the House, Rep. Clarence Cannon, Missouri Democrat, chairman of the House Appropriations Committee, attacked the President's budget for 1963 and predicted that it could and would be cut.

The question of backdoor spending has also been injected into the debt limit consideration. Rep. Thomas M. Pelly, Washington Republican, and many other House members have urged a ceiling on backdoor spending within the overall debt ceiling. They have taken their case to Rep. Wilbur D. Mills,

Arkansas Democrat, chairman of the House Ways and Means Committee. Mr. Mills has agreed to take up the suggestion in Committee.

LABOR

What will be the next major reform in labor law? Twelve years passed from passage of the Wagner Act until the Taft-Hartley Act and another 12 years before the Landrum-Griffin Act was passed.

At present two proposed changes in labor law are receiving attention.

The first would apply antitrust legislation to labor unions. Sen. John L. McClellan, Arkansas Democrat, has stimulated interest in this problem.

A second legislative move is to displace the National Labor Relations Board in the handling of unfair labor practice cases. The House of Delegates of the American Bar Association is on record as favoring this. Other important groups, including the National Chamber, are supporting the move for federal court handling of Board cases.

NATURAL RESOURCES

U. S. mineral producers are worried about the effect on market prices of the coming investigations of the nation's strategic stockpile.

The investigations were prompted by President Kennedy, who stated that he "was astonished to find that the total stockpile now amounts to some \$7.7 billion worth of materials, . . . an amount that exceeds our emergency requirements by nearly \$3.4 billion."

Announcements, or even hints, of government sale of stockpile materials have a way of depressing market prices.

The reasons for the surplus in the stockpiles are threefold: 1, The trimming of the goals for the strategic stockpile in 1958 from a five year supply to a three year supply: 2, the purchase of materials beyond the goals to support the domestic mining industry in distressed areas; and, 3, the barter of perishable agricultural surpluses for nonperishable foreign strategic minerals and metals.

Disposal of the surplus stockpile

materials without disrupting the world markets will not be easy.

TAXATION

The big tax bill has started the journey through Congress. The President's recommendations included in his tax message of last April have all been modified drastically by the Ways and Means Committee.

Conspicuously absent is repeal of the \$50 dividend exclusion and four per cent credit on dividend income. A modified investment tax credit is in the bill. Business expense accounts are tightened. Mutual insurance companies and financial institutions face a bigger tax bite as do cooperatives.

Withholding from dividends and interest income is provided. Some tightening of tax on foreign income is evident.

The bill faces rough going. Unions and much of business dislike the tax credit. Cooperatives and mutuals are fighting. Amendment efforts will be made in the Senate.

TRANSPORTATION

Under present law, the 10 per cent passenger excise tax on transportation reverts to five per cent July 1 unless extended or repealed.

In view of the Kennedy Administration budget recommendation for complete repeal of the excise tax on surface carrier passenger fares and the desire of many members of Congress to do away with the tax, the possibility for repeal in this session is favorable.

However, the Administration would maintain the tax on airline passenger fares at five per cent.

The airlines appear to have little quarrel with this. But, the proposals to: 1, impose a two cent per gallon tax on aviation jet fuel; 2, increase to three cents the rate on fuel for general aviation; and, 3, impose a five per cent tax on air freight shipments will run into considerable opposition.

Also likely to encounter strong resistance is the proposal to assess a two cent per gallon tax on fuels used on waterways to offset part of the federal outlay for improvement and maintenance.

HOW TO HANDLE YOUR NEW JOB

continued from page 41

"Work with people—don't try to go it alone," Mr. Given advises

themselves. You can speed the process by cultivating their acquaintance, by looking for areas of personal compatibility and common interest, and especially by ask-

ing their advice.

One of the most common mistakes a new man makes is to try to prove himself all on his own. Management is based on teamwork. Your colleagues are working for the same company you are. Whatever your project, one of them may have a point of view, an experience, or a contact that will help you carry it out more successfully.

This means you should always carefully consider advice that is given in good faith; it doesn't mean you should always take it. Togetherness can be carried too far.

A manager must have the courage to stand against the group when his experience and judgment convince him he is right. He must carry out his responsibility as seems best to him, but he should be willing to explain to the others why he feels as he does.

Your boss

While you are establishing yourself with your subordinates and colleagues, you are also getting to know another important person: your new boss. What does he expect of you? How can you best work with him? His style may be different from anything you've encountered previously.

You may dislike your boss—may feel he's too tough or too exacting. Remember, though, that he probably had to be tough to get where

he is.

Don't underestimate the help a demanding boss can give you, nor feel he dislikes you because his criticism is plain spoken. People often say in retrospect, "He was tough, but he made me learn." If he dismisses your best efforts with only a grunt of acceptance, he may make you mad, yet still help you

more than the boss who praises you so indiscriminately that you don't know where you stand.

In many companies, there are standards of performance for each executive job. If you have trouble finding out what your boss thinks of your performance, try to learn the yardsticks by which he judges a man's work.

He's given you a job to do. How much does he want to hear about how you do it? That depends on his temperament. He may enjoy getting all the trade gossip involved in your struggle to find a reliable supplier or sell a big customer or bring unit costs into line. Or he may prefer to know only the result.

Most new men try too hard not to bother the boss. A good boss, whether he's genial or dour, is a teacher. He's been where you're going, and he knows something about the territory. But he can't teach you much—nor learn much about you—unless you tell him your problems, even your mistakes—and unless you are able to accept criticism.

Your relationship with your boss is of utmost importance for your own development. If you can't learn from him, if he won't discuss your work with you, if you can't tell him your mistakes, you'd probably be better off in another job.

There are at least three types of communication that every boss must have from a subordinate.

1. Sufficient discussion of an assignment to make sure you understand the assignment and feel you can do it. Above all, don't leave your boss's office letting him think you agree with a plan or an assignment when you don't. This is a serious form of disloyalty.

2. Immediate notification of any important mistake or accident—so that he can prepare for, or try to

mitigate, the consequences.

3. Recommendation for action on such problems, if at all possible. Too many present the problem, but do not suggest a solution. Most bosses enjoy discussion of larger problems, not directly connected with the work of the subordinate.

One vice president said of a dedepartment head: "When he came to see me, he used to talk about his problems. Now, he is willing to talk about my problems. He is thinking more broadly; he sees the relationship of his department to the other parts of the business. As a result, he is more effective."

When you start thinking beyond your own job, about the problems of the company, it's likely that you

(continued on page 50)

WATCH FOR...

What your taxes should buy

When government decides to spend your money for some program or activity, it's often hard to measure the value you receive. But several tests used by business would help. Here's how they could be applied.

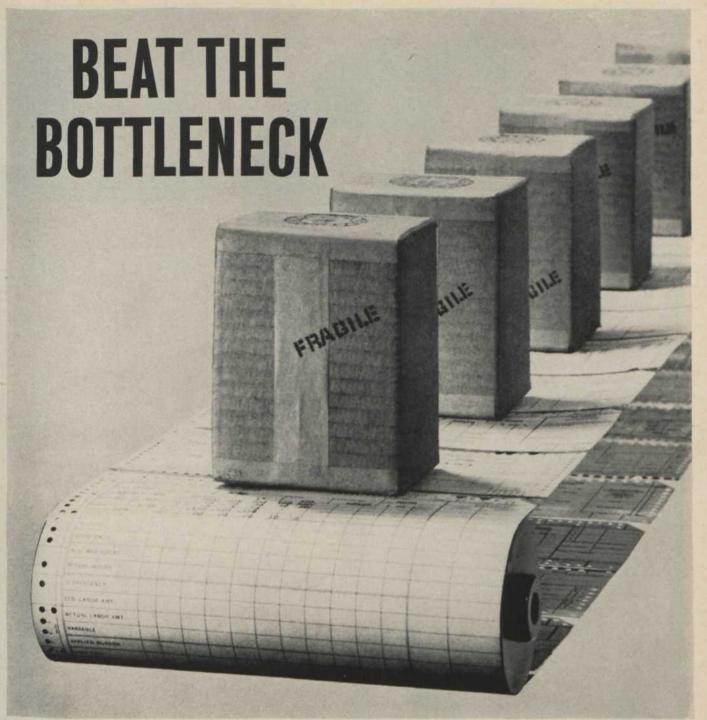
Balance: Key to executive training

Survey of top-level businessmen discloses that too much reliance on a single kind of development program may not be profitable. Four vital elements of successful plans are discussed in this article.

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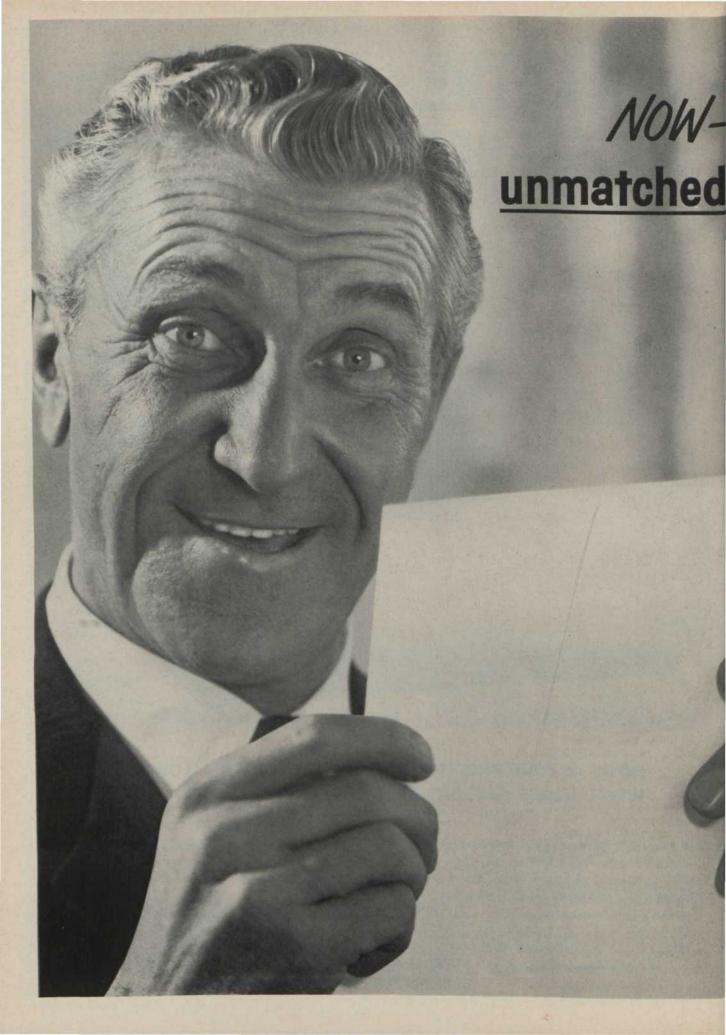
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- · When you want extra copies at lowest cost, use Verifax Magic Matrix. (You'll get at least 4 legible extras for less than 1¢ each—a cost no other office copier comes close to matching.)

Thus, a Verifax Copier becomes twice as usefulends any need for two different types of office copiers. Now, more than ever, it's wise to standardize on Kodak Verifax Copiers. They're priced from less than \$100, so that even small offices can enjoy the extra savings of on-the-spot copying.

See your own records copied! Ask your Verifax dealer for a demonstration. He's listed in the Yellow Pages under duplicating or photocopying machines. Or place a trial order. Just specify "CS" for Verifax Fine-Line Matrix. (Verifax Magic Matrix is designated and labeled "CM".) For the full story on savings with Kodak Verifax Copying write Eastman Kodak Company, Rochester 4. N. Y. for helpful free booklet.

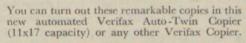
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Test 3. Take a card record with many pen and pencil entries. Or, if you prefer, take a carbon copy. These, too, are copied perfectly, without filling in or going fuzzy.

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YOUR NEW JOB

continued

will come up with an idea for improvement. This is something your boss will want to hear. He'll be more receptive if you, 1, start with a succinct summary of the proposal; 2, give practical details of how you think it would work; and, 3, present both the pros and cons to the best of your ability. Don't wait for a sure thing—every new venture involves risk. Your boss has a right to know the nature and extent of the risk.

One question young men often ask is: How do you criticize the boss? A realistic answer: In about the same manner as you yourself would want to be criticized by a subordinate. Nobody particularly enjoys criticism. Yet, if you feel something the boss is doing or failing to do cramps your performance or that of someone else in your department, this means it is cramping his performance, too. You should be able to find an acceptable way to discuss it with him. Actually, this is not so difficult as it may seem; he may take it as a compliment that you feel free to criticize. If you are in doubt, do it.

Work with people

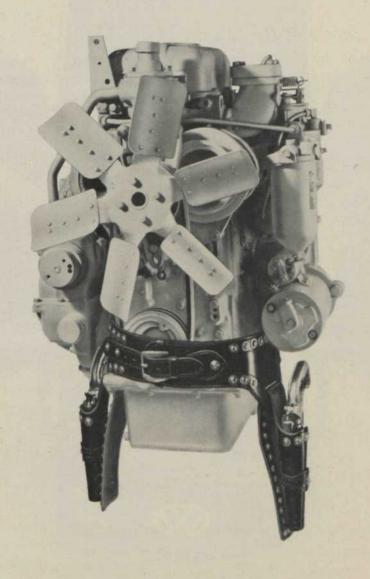
What has been said about starting on a new job can be summed up in a few words: Work with people—don't try to go it alone.

This requires endless attention and the most delicate sort of guidance. A solo performer takes a risk only on his own performance, but a manager must have the courage—and the judgment—to take risks on the performance of others.

A tough job? Of course it is. It will grow tougher all the time. The job of management requires all the self-discipline, all the ability, all the mental and emotional effort that a man can bring to it. But it is also the most rewarding job possible, not merely in financial returns but in the feeling that one has contributed to releasing the creative potential in each associate.

After you have been promoted, and even after you've retired, one great satisfaction is the feeling that in each job you have helped at least a few others to move forward. END

REPRINTS of "How to Handle Your New Job" may be obtained for 10 cents a copy or \$7.00 per 100 postpaid from Nation's Business, 1615 H St. N. W., Washington 6, D. C. Please enclose remittance.



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It's easier to tell you where our truck doesn't have doors than where it does.

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And it doesn't have a door in the last panel on either side, next to the rear.

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The Volkswagen's side doorways are almost 4 feet wide and 4 feet high.

You lift heavy items only a few inches

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You can clean it out without getting

(This on-the-sidewalk access helps after heavy rains, too. No more clomping through those little rivers by the curb to unload from the back door.)

We also have swivel seats and split seats for unloading from the front, like a milk truck. These are extra, too. \$70.90* and \$59.80.*

The truck itself is only \$1,895.† Why pay more for one you have to

unload from the rear?

Enough things in life are out of reach as it is.

PERSONAL OUTLOOK

Invest for growth plus income

Can you invest in the common stock of growth companies and still enjoy the current income you need?

Howard F. Wortham, board chairman of Trainer, Wortham & Company, New York investment counseling firm, says you can.

But it will be more difficult during the next several years than in the past five.

With competition tightening, you'll have to be more careful in selecting good quality growth companies and avoiding more risky stocks.

Forget about dividend rates, Mr. Wortham says.

Invest in companies that have topflight management, that show strong capability of expanding and boosting their per-share earnings faster than others in their industry.

Such companies may be paying out dividends at low rates, but their stocks have been growing rapidly in value.

Total return, dividends added to appreciation, is generally more than twice as much as return from income stocks. Most stocks picked for high dividends are showing very low appreciation.

You can bolster the low dividend rate of growth stocks by selling off part of your capital gains from time to time and still anticipate greater growth of principal than income stocks would produce.

You also gain a tax advantage, for long-term capital gains are taxed at half the rate of dividends or less, depending on your bracket.

Mr. Wortham warns that the investor using this technique must keep his eye on the long-

range gain and be prepared for some lean periods when stock prices are down and capital gains few.

Way to raise your earnings

Would you like to add \$20,000 to your investments?

Refinancing your home offers one way to get it, if your old mortgage is almost or altogether paid off.

A little figuring will tell you whether such a move makes sense for you.

Say your old mortgage has been whittled down to \$3,000 and you are able to get a new \$23,000 mortgage at six per cent interest, two per cent more than the old one.

The additional interest you'll pay for refinancing will be two per cent on \$3,000 plus six per cent on \$20,000, or a total of \$1,260 per year. Interest is deductible.

You'll have \$20,000 left for investment after paying off your old mortgage.

If you can invest it to earn more than \$1,260 yearly, taxable as income, you'll have a profit.

If some of the earnings are taxable as capital gains, your profit goes up.

Flying could boost your estate tax

If you fly—and buy air travel insurance—you run the risk of paying Uncle Sam a sizable amount of estate taxes.

Internal Revenue Service has ruled that pro-

PERSONAL OUTLOOK

ceeds paid on such policies, where you are the owner, must be included in your estate.

Can you keep the money out of your estate, if you're killed in an air crash?

Some travelers try to do it by signing a form which gives all rights to the policy to their wife or other beneficiary. Internal Revenue would require evidence that the gift was not made in contemplation of death, however.

Good possibility for excluding the proceeds is to have your wife buy a yearly travel policy on your life, pay for it herself, and hold all rights and title.

Add golf to your trip

Note to golfers: Those of you traveling overseas this year may have a chance to see United States players defending three championships.

In the British Open July 9-13 at Troon, Scotland, Arnold Palmer will try to repeat last year's victory.

U. S. teams will be defending the Eisenhower Trophy at Ito, Japan, Oct. 10-13 and the Canada Cup Nov. 8-11 at Buenos Aires.

Another tournament worth fitting into your itinerary is the British Amateur, to be played June 11-16 at Cheshire, England.

Traveling abroad may give you a chance to play some of the world's best courses.

International golfers would include: St. Andrews and Muirfield in Scotland; Wentworth in England; Port Marnock, near Dublin; Chantilly, outside of Paris; Ogliardi Country Club, Rome;

Gavia Country Club, Rio de Janeiro; Kasumigaseki Country Club, Tokyo; the Royal Melbourne, Australia.

Compare your tax bill

With income tax deadline approaching, a look at the tax rates of other countries may cheer or depress you, depending on your bracket.

If you lived in the United Kingdom as a married man, you'd pay a basic rate of 88.75 per cent on yearly income of \$42,000 and up.

In France the rate is 65 per cent on incomes over \$12,210.

West Germany is lower—53 per cent if you make more than \$55,000.

On the other side of the world, you can earn \$138,500 in Japan before you reach the 70 per cent bracket.

How to train your wife

If you died tomorrow, could your wife take over the family investments and know what she was doing?

If not, you'd better start training her today. Investment know-how that she picks up while you're here will help her avoid costly mistakes after you're gone.

Try the school of experience, financial advisers suggest.

Select a capable investment counselor and deposit some funds in her name. Let her handle their investment herself—with his guidance.

The lessons she learns will be useful later.



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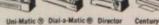
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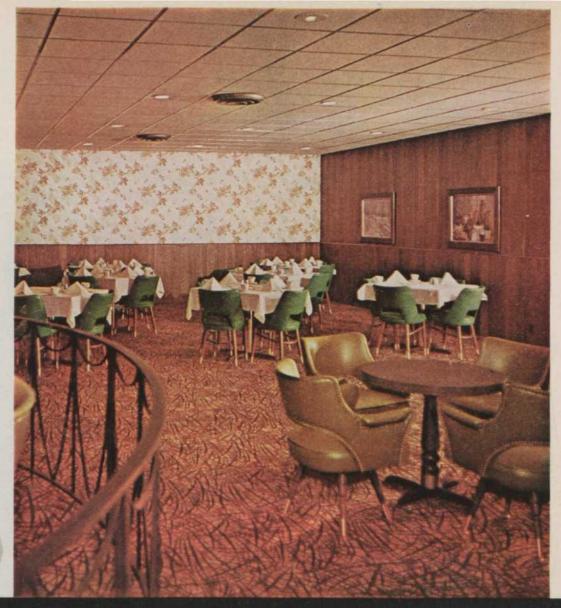


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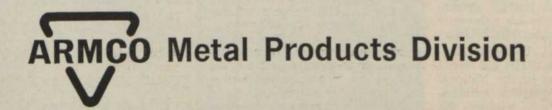
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What free patents would cost you

Congressional proposal would eliminate incentive for progress

PATENTS are a sleeper issue in this session of Congress.

The ramifications are far-reaching and involve economic power, defense and government procurement. The issue is part of the larger struggle between big government and free enterprise.

Heart of the dispute is whether a private company or the government shall take title to patents for inventions conceived or developed under a government contract.

Among those who have offered patent bills are:

- ▶ Sen. Russell B. Long, Louisiana Democrat, chairman of the Senate Small Business Subcommittee on Monopoly. Under his bill government would take title to all patents arising under government contracts. He would also create a Federal Inventions Administration to administer the government-owned patents.
- ▶ Sen. John L. McClellan, Arkansas Democrat. His bill also calls for government title to patents. He says, however, that he has an open mind and that he only sought to provide a proposal for hearings.
- ▶ Sen. Alexander Wiley, Wisconsin Republican. His bill would give patent rights to the company unless it is demonstrated that the national interest justifies government title. He says his purpose is the same as Senator McClellan's.
- ▶ Rep. Emilio Q. Daddario, Connecticut Democrat. His bill would repeal the clause in the National Space and Aeronautics Administration Act which requires the agency to keep patents for inventions of its contractors.

The Administration is also expected to submit a bill-possibly this month.

In addition to these, Sen. Estes Kefauver, Tennessee Democrat, will continue his efforts to impose strict federal controls, including shorter patent life, on the drug industry.

Rep. Emanuel Celler, New York Democrat, has introduced an identical bill in the House.

How policies clash

A variety of patent policies are now in use within the government.

The National Aeronautical and Space Administration and Atomic Energy Commission policy is different from that of the Defense Department.

The first two take title to all patents resulting from work done for them by private contractors, unless they decide to waive it.

The Defense Department, in most cases, leaves title to the patent with the contractor but acquires an irrevocable, nonexclusive, royalty-free license for its use.

Among those supporting government title bills are Vice Admiral Hyman G. Rickover and the Justice Department.

Core of their argument is:

- 1. The government pays for most of today's research and development and therefore should own ensuing inventions.
- 2. Inasmuch as employes in industry turn inventions over to employers it is equally just for the government to require contractors to do the same.

Nearly one of every eight dollars in President Kennedy's 1963 budget recommendation is tagged for research and development. His \$92.5 billion budget includes \$12.4 billion for this purpose. The federal government, he said, supports about two thirds of all scientific research and development in the country. In the closing years of this decade the outlay is expected to double.

About 70 per cent of the federal

GEORGE TAMES



Sen. Russell B. Long, (D., La.), wants all patents arising under government contracts to be awarded to the federal government

research and development funds are spent through contracts with private industry. About 92 per cent of the \$3.8 billion requested for NASA in fiscal 1963 will go to industry.

The Long-Rickover-Justice Department argument is that the people are cheated when title to patents remains with the contractor.

Individual companies, Senator Long's supporters contend, may make a great deal of money out of inventions developed with public funds.

Advocates of a license policy which leaves the patent in the inventor's hands include the Defense Department, an overwhelming majority of government contractors, the Chamber of Commerce of the United States, the American Patent Law Association, the National Patent Council, and the American Society of Inventors.

Essentials of their case are:

1. The government at least obtains a license sufficiently broad so that procurement from others is not blocked; and firms must turn over technical data developed while working on government contracts so that the government can contract elsewhere. Therefore, it's not

necessary to turn over commercial rights as well.

2. Licensing induces total industry participation in government procurement, provides incentives to bring results of government research and development contracts to the public, and keeps government procurement costs at a minimum.

The National Chamber favors a law declaring that the incentive of private ownership of patents must be maintained and strengthened. It seeks broad policy guidelines for government agencies because a single, uniform policy is impractical due to their varying requirements.

Threat to system

The American Society of Inventors, whose members are aviation and electronic inventors in the Philadelphia area, says:

Title bills would lead to "a legal requirement that contractors wishing to do business with the government arrange as a condition of employment that each employe agree to divest himself of all rights he would otherwise have to his inventions.

"While many industrial firms have in the past imposed this in-

BOTKIN, P.F.I.

equity upon their creative people, a trend in the opposite direction now exists in industry, by arranging for just compensation to the inventor for each of his creative inventions.

"The various factors which go into making up an invention include the entire previous history of the inventor, as well as perhaps his ancestors.

"For the government to usurp all rights to an invention merely because it is conceived in the course of a government contract is highly unjust. . . .

"The threat of government ownership of all inventions conceived or first actually reduced to practice under government contracts is sufficiently great as nearly to destroy the present patent system, since it would prevent effective patenting of more than half of the inventible concepts created."

In submitting his bill Mr. Daddario contended that NASA and AEC policies "depart severely from the original concept of private rights and a free enterprise system as far as patents are concerned."

The House Science and Astronautics Subcommittee on Patents reported in 1960 that NASA's pol-



Rep. Emilio Daddario, (D., Conn.) contends NASA and AEC patent policies depart from original concepts of free enterprise



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PATENTS

continued

icy tends to "complicate and retard" the space program.

A bill to have NASA follow the flexible Defense Department policy rather than AEC policy passed in the House that year, but died in the Senate.

With the young space agency already the government's seventh biggest spending agency, the Daddario bill, in effect, would give congressional approval to the Defense Department policy and would have great weight in establishing a federal policy.

A draft of the Administration's bill is being circulated among government agencies and the latest report is that it generally favors the Defense Department attitude.

However, it was learned the dispute between the Defense and Justice Departments is so irreconcilable that a final administration position may not be possible.

The draft, drawn up by the Commerce Department, states that rights to inventions arising from government research and development contracts shall become the property of the contractor, subject to four limitations:

1. A royalty-free license to the U. S. for governmental purposes.

2. Sharing by the government in the profits from the practice of a patent for recovery of its contract expenditures.

3. Compelling licensing in the event licenses are withheld unreasonably for three years after a patent is issued.

4. Granting the government power to compel licensing in the public interest under any patent which, in the opinion of the procuring agency, is required for national health, welfare or security.

Proposals for drugs

Senator Kefauver says he does not advocate restricting patent rights in other industries, but that the drug field is different-life and death are involved in many cases and the patient is "a complete captive of what the physician puts on the prescription.

The senator's bill would:

1. Cut the exclusive right to drug patents from 17 to three years. The three years would start running, not from the date the patent was issued, but from the date of filing.

2. Force the inventor after three years to share his know-how with any competitor willing to pay a maximum royalty of eight per cent of the gross selling price.

Among the opponents of these provisions are the American Bar Association, Aerospace Industries Association, the Pharmaceutical Manufacturers Association and the National Chamber.

The Chamber warns that the bill would present a serious threat to private patents generally. It would destroy the goal of new and improved drugs at lowest possible cost by undermining confidence in the patent system.

The Chamber also points out that the period of exclusive rights would be reduced even more because it sometimes takes two years to get a patent due to the Patent Office backlog.

John T. Connor, president of Merck & Co., Inc., says of the bill:

"Three years after we had introduced Diuril (trademark for a drug that treats dropsy) on the market. Senator Kefauver would have the government step in and order us to turn over everything we had learned to any number of our 1,300 competitors in this country andeven more serious-to any foreign producer who can get a license to sell it in the U.S.

"The result would be to reward us for our 18 years of work by literally forcing us to subsidize our competitors here and abroad.

"This is a most unusual way to promote progress.

'The senator's proposal is that those companies that do research subsidize those that do none so that the imitators can sell below the costs of the creators."

What are the pros and cons in the title-license debate?

1. Pro: The government should own any invention arising out of contracts financed in whole or in part by tax dollars.

Con: Franz O. Ohlson, Jr., past chairman of AIA's Patent Commit-

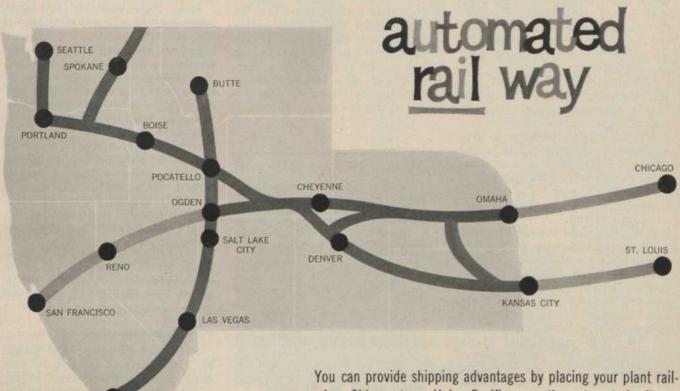
tee, says:

"This assumes that the government, in fact, pays for all the costs involved in a government contract. An examination of the facts reveals that this is not the case.

"In every instance, government agencies contract only with firms having sufficient background and skill to justify their selection. Thus, the results of any contract with the government include a mixture of the background knowledge and skill of the contractor plus that information developed in the performance of the contract.

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PATENTS

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the government involve a certain amount of negotiation. As a practical matter, the disposition of patent rights, title or license, must enter into consideration in the negotiation of every contract.

"Therefore, the government does not pay for all the information utilized in the performance of such

a contract. . . .

'Manifestly, to the extent that the contractor places value on the patent rights reserved to him, the cost of such contracts is lower.

2. Pro: It's unnecessary to give exclusive commercial rights to one firm to insure that a particular item is offered to the public. If there is a demand for a product, businessmen will produce it-patent or no patent.

Con: "Consider the realities of a condition in which the corporation with a large research program finds itself unable to obtain a proprietary position on any of its developments," says Vice President Samuel Lenher of E. I. du Pont de

Nemours & Co. .

"What inducement could justify to its stockholders the continued expenditure of millions of dollars in the search for products and processes which would immediately be exposed to general use, without the opportunity of a calculated profit? Clearly the pursuit could lead only to bankruptcy and disaster."

Example of benefits

Donald W. Robertson, partner in a New York City patent law firm, says that, while large corporations would continue research with or without a patent system, patents are significant to the founding of new industries which are "starting from scratch and have no research organization or anything else."

"Perhaps," he says, "the classic example is the aluminum industry. which could not have come into being when it did without the Pittsburgh bankers, who would not have put up the enormous initial outlay required without patent insurance to protect the money. . . .

"I would think that the system which did give us the aluminum industry and may some day give us another new industry of equal significance has paid its way for all time."

3. Pro: A title policy will result in wider product use and a greater stimulant to the economy.

Senator Long charges that big companies-which he claims get about 95 per cent of government research and development dollarshave used or are about to use only 50.6 per cent of all patents held by

Con: Charles L. Shelton, director of United Aircraft Corporation's patent section, notes that the public benefits only by the invention reaching the market in the form of goods which people can buy.

If a patent is taken away from a contractor-who would otherwise have made the invention commercially available-and is offered to

When government steps in free collective bargaining ends. That's the judgment

of David L. Cole, who has

often acted as mediator.

See interview, page 38

all manufacturers, so that no one would commercialize it, the public is the loser.

Defense Department logistics experts observe that "many thousands of patented inventions are in the government portfolios available to everyone and, to judge by the number of requests for licenses, are of little or no interest to industry.'

At least one agency (Department of Agriculture) which by law follows the title policy, they say, has requested authority to grant exclusive licenses as the only practical way to get certain inventions off the shelf.

The National Chamber comments that the fact that even 50 per cent of inventions arising from government research and development are capable of commercial application is a tribute to the quality of work, rather than something to be deplored.

Frequently the temporary nonuse of a patent is due to a manufacturer considering that the market is not ready for the product.

4. Pro: Government title is necessary to prevent the creation and continuation of monopolies.

Con: "Speaking for my little company," says Jacob Rabinow, of Takoma Park, Md., "I know I could not exist without patent protection for our ideas."

A government employe for 16 years, holder of more than 70 patents, and now president of an engineering laboratory employing 90

persons, he continues:

"The patents that are owned by the giants don't bother us. Almost all of them are willing, or are required, to grant licenses on reasonable terms. In a patent-free society, it is the great companies that would get stronger, not the other way around.

"The thing that must be remembered is that giving a patent to everybody is not having a patent at all. One cannot increase incentive by reducing incentive."

Patents as incentives

Polaroid's President, Dr. Edwin H. Land, says it is "deeply puzzling" to him that "some of the people who speak sincerely, lovingly, and defensively of the protection of small business, are the ones thinking of patents as a device for the aggrandizement of the interests of big business.

"Our people and our legislators must be taught that if young men are to come from our scientific and engineering schools and establish new small companies, the ideas of these young men must be protected

by patents.'

The Defense Department, according to a spokesman, seeks the firm that is most advanced in the field and thereby gets weapons developed on a quicker and less costly basis.

"We do not wish to pay," he says, "for having the wheel reinvented each time we contract."

5. Pro: A title policy would speed dissemination of vital scientific and technical knowledge.

Con: One of the Defense Department's major objections to Senator Long's bill is that exclusive ownership of scientific and technical information generated by government contractors would be vested within the government and the Department would be "unable to disseminate such information to others without clearance by the proposed Federal Inventions Administration."

Representative Daddario recalls that government ownership and management didn't work after World War I when patents accumulated in the Office of the Alien Property Custodian.

The government's choices were: exclude everyone, in which case the patent was worthless; make it available to everyone, in which case industry had no incentive; grant an exclusive license, in which case some competing industries would charge discrimination.

The result, according to Representative Daddario, was that many valuable patents languished.

6. Pro: There is no conclusive evidence that title policy deters companies from seeking contracts with agencies that follow such a policy.

Con: T. Keith Glennan, former NASA director, said in an October 1960 NATION'S BUSINESS interview, "Some few companies have refused to do business with us because they felt they had a particular patent position which could be jeopardized were they to take a contract with us. So a change in the law would give us a wider field from which to draw our contractors."

The following spring and summer the House Science and Astronautics Subcommittee on Patents heard several witnesses testify concerning the reluctance and refusal of their companies to do business with NASA.

7. Pro: The government should take title because that is what industry does when inventions are made by its employes.

Con: Industry and the Defense Department, among many, maintain that the government's relations with a contractor are not equivalent to those of an employer with his employe.

First, there is no master-servant relation as proponents claim; both have the status of contracting parties.

Second, the employe is supposed to devote all his effort to the work of the employer. On the other hand, the government usually does not seek out the contractor to create inventions which the government will commercially exploit. In the great bulk of government research and development, contractors are not hired to invent—they are hired to develop specific products. Inventions made under these programs are by-products. END



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PERSEVERANCE

BY OSCAR HANDLIN

IN MID-DECEMBER, 1844, a small group of men descended from the mountains to Sutter's Fort in California. They were the vanguard of a vast train of immigrants who were to settle the Pacific Coast and complete the conquest of the continent.

The travelers had come a long way since they had left Council Bluffs seven months earlier. It had taken hardiness and perseverance to survive the trip across the desert and over the mountains. These were no

Dr. Oscar Handlin is director of Harvard University's Center for the Study of the History of Liberty in America.

He is a widely known writer and educator. He won a Pulitzer Prize for his book, "The Uprooted", in 1951; and he has taught history at Harvard for more than 20 years.

Dr. Handlin has devoted his attention mainly to the social history of the United States. He is one of the editors of the Harvard Guide to American History and is the editor of the Library of American Biography, 18 volumes of which have appeared to date.

Dr. Handlin's most recent of several books, "The Dimensions of Liberty" was published last fall.

isolated adventurers, but sober, substantial families who had deliberately taken the risk in the hope that it would earn them flourishing homes in the promised land of the West.

Fifty people made up the party, men and boys, women and girls. They loaded their possessions into 11 sturdy wagons and, as their leader, chose Elisha Stevens, a hunter and trapper familiar with wilderness life.

The first four months, in which they moved more than one thousand miles, were uneventful. They followed trails blazed by other travelers to Fort Hall and on down the St. Mary's River to Carson Sink in Nevada. Thereafter they were to find their own way.

Day after day of forced marching carried them across the desert and up winding canyons that grew ever steeper. Soon they reached an altitude where snow covered the grass and deprived their cattle of food. At night the weary men could hardly sleep as the footsore oxen bawled for food.

In November they came to a great wall of granite. The snow was two feet deep; and even were they to scale the barrier, they had no way of knowing what lay beyond. Yet



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PERSEVERANCE

continued

they would not turn back. Carrying their possessions on their backs they led the oxen, one at a time, through a narrow crevice. Finally, as the cattle pulled from above, the men pushed the wagons laboriously over. Twenty-five miles to the west, they reached the Yuba River which they followed down to Sutter's Fort. Thousands would continue along the path they traced to establish a great commonwealth.

The story of the Stevens party includes all the elements of perseverance which have been so important a part in American history.

These families saw a great goal before them and were determined to attain it.

Perseverance was the quality that permitted them to measure immediate hardships against the advantages of the future.

Almost always, the quality of perseverance has been summoned

up by some great goal.

Only rarely would the trait aid a man in an unworthy or an evil purpose. People who schemed only for their own pleasure, profit or power were likely to be swayed by calculations of immediate gain and to reach out for what lay most readily to hand. Only the awareness that some higher value was embedded in the distant goal justified the suffering needed to attain it

Perseverance today

Americans of today are no less willing and no less able to persevere than were their predecessors. When the occasion demands it, they can lay aside the easy comforts of daily life and can resolutely pitch in to do a job. Not only the great crises of war, but the lesser local ones of flood and storm have demonstrated that.

What troubles many, however, is the inability to make out the worthy goals except in crises. In our era the gravest problems do not present themselves to us sporadically and dramatically, but drag on for wearisome decades. We cannot summon up our strength for one decisive battle and then hope to enjoy the fruits of victory.

For almost half a century now we have been engaged in a struggle with totalitarianism, although we did not always know it. The end is not in sight. It will take perseverance of the highest order to avoid tempting temporary distractions and to face up to the difficulties that still lie ahead.

That is why the continuing definition of our goals is necessary to remind us toward what we are persevering. To Jefferson's generation the ways of life, liberty and the pursuit of happiness were self-evident. Every member of the Stevens party could make out the shape of the homestead that awaited him on the other side of the mountains.

It is not so easy now for young people who are uncertain about their own ambitions, who wish to serve but know not how, who are aware that cooperative efforts are needed and yet who do not wish to be only cogs in some great machine.

An era of stupendous change has challenged all accepted values and has made it more difficult than formerly to set high standards in either personal or national life. Our urban industrial society forces people to work together in large organizations and yet weakens communal ties.

As a result, men and women tend to separate their labor from their lives, the office and factory from their homes. The job is not worth doing for its own sake, but only as a means of earning some level of comfort outside it—and the less effort the better. Yet those who think too much of survival and security cannot perceive more meaningful distant horizons toward which to strive. Instead they take refuge in narrow immediate satisfactions.

We shall persevere if we remember that there are jobs worth doing. The national goals enunciated at the founding of the Republic are still worth striving for. We have accomplished enough in our history to encourage us in the belief that we can, with effort, move closer still to the ideal of individual dignity and freedom.

The building of this nation was one continuous display of perseverance.

The first lonely settlers who met the wilderness of Virginia and Plymouth failed frequently before they began to succeed.

They huddled together in rude huts for decades before they could afford to construct the graceful colonial homes they left us. In the Eighteenth Century, the population crept up to and then over the Allegheny Mountains. The hardy families pushed through the forests, fought off the Indians, laboriously cleared the soil and forced it to give them sustenance.

By then the great stream of immigration had begun to bring added strength from every end of Europe. Millions of men and women spent months of misery in tiny sailing vessels in order to catch their glimpse of the promised land. Meager resources often compelled them to toil for years after their arrival before they could establish themselves. Their spirit persists in the hearts of the most recent immigrants who escape from behind the iron curtain because they choose freedom.

For none of these people was life easy. To break away from old homes, to undertake the hazards of a long journey, to face the unknown dangers of a new life in a strange place always took its toll in physical weariness and in emotional heartaches. Not to turn back called always for sacrifices; and the willingness to stick it out could only be kept alive by the conviction that the ends were worth while.

That was perseverance-the ability to stay with a task until its completion, not through the compulsion of a master's whip, but voluntarily because of the belief in a worthy reward. This is a trait of common men and, because common men have always been of critical importance in the American experience, perseverance has played a prominent role in our history.

The very survival of the nation often depended upon the perseverance of its men and women. Most of the wars in which the United States engaged began badly. People occupied in peaceful pursuits were rarely prepared for battle. Yet, initial defeats, and the suffering they entailed, only aroused the determination of Americans who knew for what they were fighting and were unwilling to yield.

In the time that tried men's souls during the Revolution, the handful of ragged men who resisted the world's greatest empire often fought with nothing but faith and perseverance. In the winter at Valley Forge, as Washington surveyed the thin line of troops-many with no shoes and all enfeebled by meager rations-as he thought of the Congress in flight and the British entrenched in the capital, it was only an inner hardiness of spirit that kept his mind fixed on the ultimate goal rather than on the immediate hardships.

Nor did any soothing illusions deceive Lincoln as he brooded over successive defeats. He finally saw the union rejoined as he dreamed it would be, but he endured four years of disappointment and failure

(continued on page 74)

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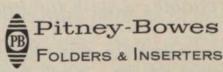
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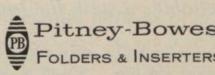
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PERSEVERANCE

continued

because he was able to weigh against the cost of Civil War the greater gains of union.

The great material achievements of the United States also depended on the perseverance of men who had the vision to conceive distant goals and the willingness to work to reach them. The possibility that goods and people might move swiftly from one end of the continent to another, that messages might be transmitted across the ocean, that machines might free men from labor excited the imaginations of many entrepreneurs. But there was no converting those fancies into reality without the perseverance to surmount obstacles, to absorb setbacks and to continue to believe in the idea for very long periods.

There was "Crazy Judah," for instance. Theodore D. Judah, the son of an Episcopal clergyman in Connecticut, had studied engineering at Rensselaer Polytechnic Institute and had helped build railroads in many parts of New England when he came to construct a short line out of Sacramento in 1854.

In California he caught fire with the idea that the rails could be pushed over the steep slopes of the Sierra Nevada. With that obstacle surmounted, a transcontinental system could readily be put together. For years he made surveys, wrote pamphlets, lobbied in Washington and argued with businessmen. But not until 1862 did the Central Pacific project get started. A year later, Judah was dead. By then the work was already under way, to be finished in 1869.

Cvrus W. Field was also a dreamer. He had early made his fortune in business. At the age of 33 he thought he had wealth enough to retire, to travel and to lead a life of leisure. That was in 1852. Two years later he met a Canadian engineer who had some idea of stringing a telegraph line to Nev foundland. Field's mind leaped a step further. Why not carry the line under water all the way to Ireland? He set up companies in England and in America and, in 1857, after two and a half years of work brought the wire to the water's edge in Newfoundland.

Then came the difficulties. The task was unprecedented and much had to be done by trial and error. The ship Field hired moved slowly westward from Ireland and laid the cable out for some 200 miles. Then

there was a break; and a \$500,000 investment sank to the bottom of the ocean. And this was in a depression year when the firm that held Field's capital failed.

He nevertheless determined to try again. In 1858, three further efforts were fruitless and the luckless promoter was becoming a figure of fun, mocked in the newspapers for his visionary stubbornness. Then the fourth try of the year succeeded and for three weeks all went well. Suddenly the line went dead and no one could discover why. When the Civil War broke out soon thereafter, all seemed lost.

Yet Field persevered in the determination to establish his underwater cable as soon as the fighting ended. In 1866, he chartered the famous *Great Eastern* and, despite

Shrinking gold stocks prompt U. S. officials to seek ways to correct payments deficit. How this may help domestic economy is explained in article on page 42

an initial failure, finally lived to see his wire conquer the Atlantic.

Eli Whitney had already had several careers by the time he was 33 years old in 1798. He had been a mechanic, a nail maker and a school teacher; and his invention of the cotton gin had brought him fame. But he had earned little from all these efforts.

Now he had another idea: If the parts of a complex object such as a gun were fabricated so that all were precisely alike, the whole process of production would be simplified and rationalized. From the government he obtained a contract for 10,000 muskets to be delivered in two years, and he set to work in his shop near New Haven.

The task, however, proved far more formidable than he had imagined. It was eight years before he finished and expenses mounted so that he made no profit from the whole transaction. But he had nevertheless established the soundness of the principle of interchangeable parts and his experience opened one of the channels for future American industrial development. Perseverance had seen him through, as it had Judah and Field.

The moral impulse that persuaded Americans to try to reform the world about them has often depended for its effectiveness on perseverance. Without that quality, a delicate woman, too ill to continue as a teacher, would soon have become a burden upon her family and friends.

Dorothea L. Dix was 36 years old when she left her desk, but she refused to believe that there was nothing more she could do. She found a cause that kept her occupied for 50 years more. On a visit to the East Cambridge, Mass., jail, in 1841, she observed the insane chained naked to the wall. She learned that there were only eight asylums in the whole country and that not one of them was adequately maintained. To correct that condition became her life's work.

As a woman she felt reluctant to speak in public or to attempt to sway the emotions of large gatherings. Her method was simpler, although more demanding of patience. Miss Dix traveled from state to state and quietly visited the prisons and poorhouses, the cellars and caves where the insane were confined. She took accurate notes and described what she saw in convincing memorials to the legislatures.

Except for the Civil War years, when she was superintendent of nurses for the Union Army, she stayed with the task of convincing her fellow citizens that they had obligations to even the least of humans. Her efforts had visible results in a steadily changing attitude toward these wards of society. Such perseverance was as necessary in the pursuit of altruistic ends as in the struggle for personal success.

Today, the times are laden with challenge as never before. Not every man can aim to reach out for the moon or hope to find a way, at once, to restore peace to earth.

But every man can, in some sector of his own life, help to turn the tremendous energies technology has made available to the service of humanity. It will take perseverance in plenty to do so.

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SALES EFFECTIVENESS

BARGAINING

continued from page 39

have the protection that one could have in a police state.

You do not believe, then, in compulsory arbitration?

I am opposed to compulsory arbitration because it is inconsistent with our system of free collective bargaining. It would involve a complete change in our theory of labormanagement relations. Moreover, compulsory arbitration has not been successful in Australia, New Zealand and Great Britain.

Has government intervention failed in the industries in which it has been most used, such as railroads, airlines and basic steel?

Railroads and airlines, which

come under the Railway Labor Act, have had an inordinate number of labor disputes requiring government intervention. Recommendations made by emergency boards in these industries have not always helped induce settlements.

There is a good deal of feeling in management that the machinery of the Railway Labor Act lacks teeth, that perhaps the presidential boards should make binding directives and establish a system of compulsory arbitration.

Why do they feel that way?

Certain management representatives in railroads and airlines feel that, although they pretty much have to accept emergency board recommendations, unions feel free to reject those they do not like, and often use the recommendations as a base from which to bargain for more. In this kind of situation, some managements feel that government directives should be binding so that neither side may disregard them.

Is the fact that railroad and airline rates are regulated a factor in this attitude?

Yes. These industries are not free to alter their price or profit policies. What they can charge customers is determined for them. Being denied this freedom, some employers in these industries feel that the labor groups should likewise relinquish the freedom to strike over wages and terms of employment. I believe this is a minority view, although a strong one. The unions are against it.

Why has the steel industry had practically every form of government intervention, from mediation to fact-

How negotiators view government intervention

"The heavy hand of government in the past has throttled freedom for private collective bargaining." —George Meany, president, AFL-CIO.

"When you have the government hanging over you and wanting to jump in, it encourages unions to make larger demands. Concessions by management build up during negotiations so that when the government does step in it begins mediating from a higher base, and any compromise is made from that higher level. That is not true collective bargaining."—Edward G. Fox, president, Bituminous Coal Operators Association.

"In the field of collective bargaining, it is fatal to look to the government for all the answers . . . The real solutions must be provided by the people, not the government."—Joseph A. Beirne, president, Communications Workers of America.

"There is no reason to believe that government intervention will ever be really effective in either promoting early agreements or in avoiding strikes." —Virgil B. Day, head of employe relations, General Electric Company.

"We of steel management sense a great urgency to dig deep and establish a sound collective bargaining relationship with the United Steelworkers."—R. Conrad Cooper, executive vice president, United States Steel Corporation, and chief labor negotiator for the industry.

"Responsibility in the bargaining process can be achieved only if the parties are forced to rely on their own efforts."—Malcolm L. Denise, vice president for labor relations, Ford Motor Company.

"Collective bargaining is never easy. Yet, when a union and an employer honestly face up to the job on an equal basis, without interference, it can be done."—Earl R. Bramblett, director of labor relations, General Motors Corporation.

"The parties who are directly involved in the dayto-day problems of industry have a better understanding of the needs and the problems and are thus better equipped to find mutually satisfactory answers."—Walter P. Reuther, president, United Automobile Workers.

"The recommendations of emergency boards have been rejected by the labor organizations representing the operating employes almost as a matter of course." —Daniel P. Loomis, president, Association of American Railroads.



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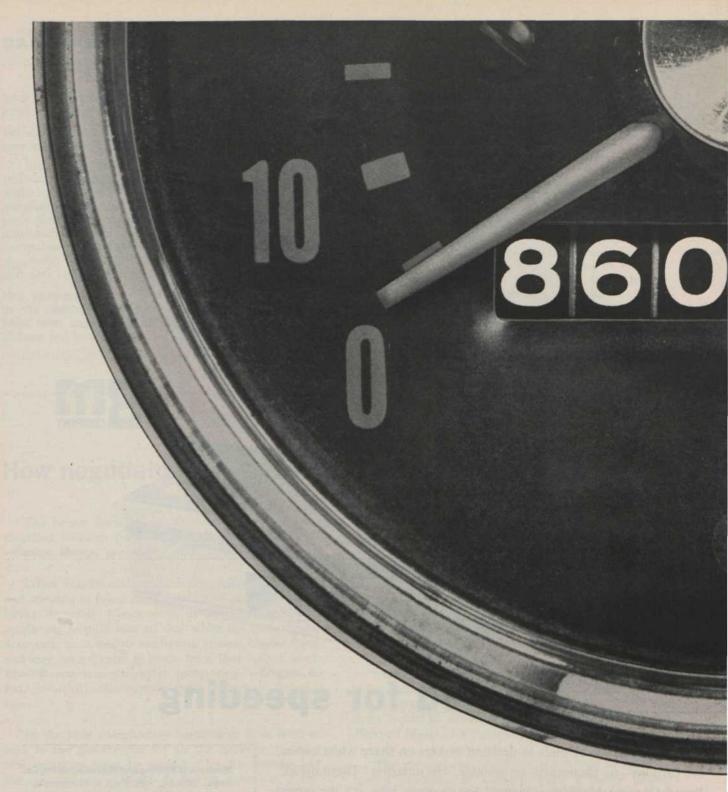
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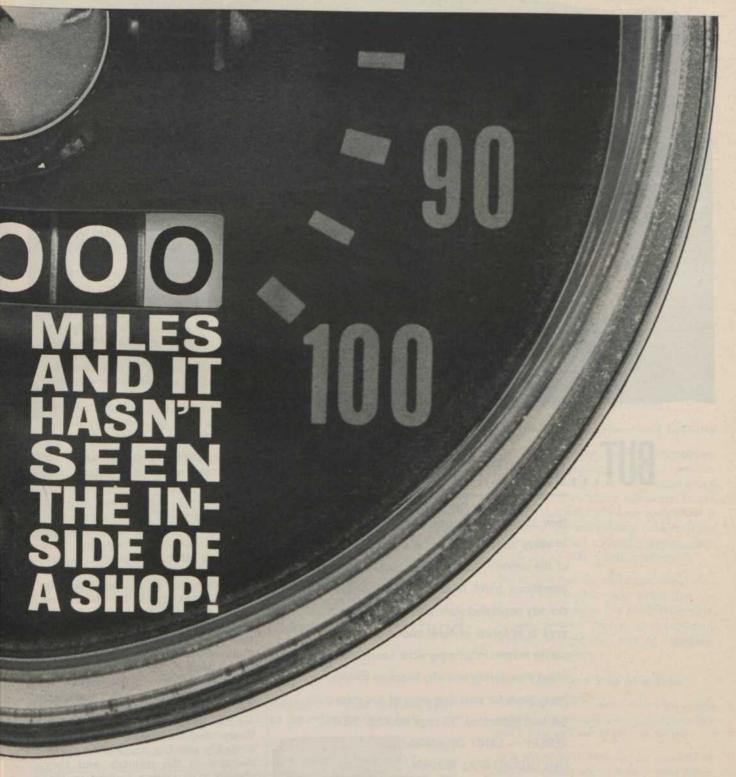
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BARGAINING

continued

finding, recommendations, government seizure and injunctions?

The basic reason is the vital nature of the steel industry. It is considered the key industry of the country, and also the pattern-setter in wages and working conditions. Steel also affects many other industries which need its products.

Perhaps another reason is union tradition. Steel workers are closely related to coal miners, who long have felt that their welfare is closely tied to the strength of their union.

This has led to clashes of interest between steel management and steel union leaders.

The fact that the public watches the steel industry so closely has made leaders on both sides timid in the sense that they are afraid to make concessions to one another.

I think also that our government has been very sensitive to disturbances in the steel industry and has been inclined to step in at an earlier stage than in other industries.

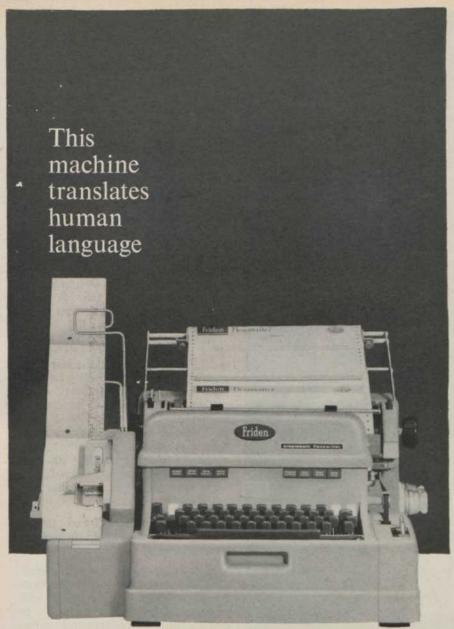
How can this industry keep the government out of its disputes?

I don't want to appear presumptuous, but I suggest that this industry and its union representatives open their minds more to the public interest. If they find that they are inhibited by past experiences, they should jointly ask for assistance, not from people sent in by the government, but from some of the many available experts who might guide them along more rational grounds than they have been inclined to follow on some occasions in the past.

I wouldn't try to tell these people how to bargain, or what is good for the steel industry or essential for the workers. But I would say to them that the steel industry is probably number one among all industries in the country, and they should give proper weight to this fact in planning and conducting their negotiations.

Isn't part of the industry using outside help as you suggest?

As a result of the long steel strike in 1959, Kaiser Steel Corporation and the United Steelworkers set up the Long-Range Planning Committee. It has nine members, three each from management, the union, and the public. I am one of the public members. We meet regularly to discuss and try



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BARGAINING

continued

to work out problems. The Kaiser program has three parts.

In the first phase we attacked the backlog of grievances by streamlining the grievance-handling procedure, which had bogged down badly. This has been very successful. The backlog has been substantially cleared up and currently relatively few formal grievances are being filed.

The second part involves a procedure for assisting the parties in reaching a new agreement without thought of strike. It is too early now to say that this has functioned, but I am confident that this will work when the company and union negotiate this spring.

In my view there will be a settlement at Kaiser as a result of discussions with or without our help and without the possibility or likelihood of a strike or lockout.

The third part of the program is to develop a formula for sharing the benefits of technological progress among the corporation, the employes and the public. This task is both fascinating and difficult. We hope we can work out some formula of this kind.

Are more employers and unions turning to outside help in solving their problems?

Yes, we certainly have the beginning of a trend in this direction. I refer to instances in which employer and union jointly agree to call in an informed neutral—someone in whom they have confidence and who knows the industry—either to help them in collective bargaining so as to avoid a shutdown, or to work with them on problems which are going to become critical.

Have you been called upon in such cases?

Yes, in several besides Kaiser. On five occasions airlines and the pilots' union have called on me to help them work out differences over new contract terms in an effort to avoid the necessity of having the President appoint an emergency board under the Railway Labor Act and a possible strike.

In the first four instances we were completely successful in resolving all issues without a strike or serious threat of one. The fifth is unresolved at the moment.

A few weeks ago I completed a term on the New York City Transit Labor Board. This is a privately

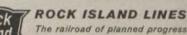
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BARGAINING

continued

created board of three men, all from the public, agreed upon by two unions and the city's Transit Authority. Last year we were able to help them resolve their differences several days before the New Year's Eve deadline. This illustrates the successful use of third-party help on a voluntary basis.

Aren't outsiders usually resented as interfering with collective bargaining?

The term "outsider" is a misnomer when applied to an informed neutral who is invited by both sides to help them resolve their differences. It applies better to someone sent in by the government without invitation or perhaps against the wishes of one of the disputants. Yet, by law, the Federal Mediation and Conciliation Service must intervene in serious labor disputes in most industries affecting commerce.

The National Mediation Board must likewise—in carrying out its responsibilities under the Railway Labor Act—intervene in serious disputes on the railroads or airlines unless both sides work out other arrangements which are adequate to protect the public interest.

Do you recommend outside assistance?

It is best for the parties to develop the ability to work out their difficulties themselves. This is the ideal situation.

As a matter of fact, when Congress enacted the original Wagner Act in 1935, one of the principal sponsors of the law expressed the opinion that once workers were able to organize—to select a union to speak for them—there would be little for the government to do.

He thought all that would be left for the government to do would be to introduce the representatives of the management and the workers and they would then proceed in their own way to solve their problems.

Solving your problems yourself is the only truly effective way, the natural way. Both sides understand their problems far better than any third party possibly could. Moreover, if they arrive at their own agreement they develop a certain pride in what they have agreed on, and they are more likely to adhere to it.

However, where the parties find that they are not able to work out their problems on their own, I believe it is a mark of maturity for them to agree jointly on some form of assistance which they believe can be of value. It has worked.

Just what is the function of a third party who is invited to help out?

He must perform two functions and might perform a third if asked.

The first is to induce the parties involved to be more reasonable in dealing with each other. The second is to induce a higher degree of social responsibility by reminding them of the interest of the community or the nation in having them reach a sound solution.

The third function he could perform, if invited, would be to help them solve special problems or make special studies.

Why have some industries been able to get along without help from third parties?

This is hard to say. The automobile industry has on the whole managed to negotiate agreements time and again without resorting to a strike. Why they can do it and others cannot is a debatable point.

It may be due to the respect each side has for the other. Or it may be the awareness of both sides



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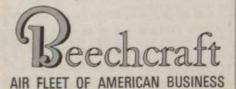
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BARGAINING

continued

of the general welfare. It seems that they have taken into account the impact of a possible strike on the economy and on their markets. I don't know how to pinpoint the specific reason why they should have less turmoil than the steel industry.

On the whole I would say that the automobile managements and union have engaged in effective collective bargaining. They seem to be agreed on one thing: They have a definite responsibility to try to reach their own agreements.

What about the coal industry?

The coal industry, which used to be deeply involved in government intervention, has since 1950 pretty much eliminated the government from its affairs. Before that you could say the coal industry was the number one problem-child of the government in the field of labor disputes. I was a member of the presidential board in the last two coal disputes in which the government intervened.

In 1950 representatives of the coal companies and John L. Lewis, president of the United Mine Workers, decided that they could do a better job directly than they could with government help.

Since then, there have been no major coal strikes or threats of any. Wages of coal miners have risen to where they are among the highest paid workers in the world and receive substantial welfare benefits. Yet, because of increased mechanization and union cooperation, the production of coal per man has doubled and the price of coal at the mine is no higher than it was 10 years ago.

I discount, of course, the short strike of 1952 in protest against the application of wage controls.

You have told how a third party should function in a labor dispute. Is there anything he should not do?

He must be careful to remember that he is working in the framework of a system called free collective bargaining; that the parties have the right to arrive at agreements which meet their needs. He must not impose his will or his desires. He is there only to serve the parties, not to dictate to them.

Haven't you in the past recommended that the government stay out of labor disputes? Yes, at both the federal and state levels.

I was chairman of an advisory committee appointed by the then Secretary of Labor James P. Mitchell to study how labor-management relations could be improved and collective bargaining strengthened in the atomic energy industry. We concluded that the Atomic Energy Labor-Management Relations Panel, which helps settle disputes in this industry, was intervening too often and too freely, with the result that employers and unions were engaging in very little collective bargaining.

We recommended that the Panel taper off its activities and eventually be abolished. That was in

1957.

What happened?

The Panel was not abolished, but it has curtailed its activities. Since then I believe more agreements have been reached through discussion around the bargaining table and there have been practically no strikes.

What was the other occasion?

That was in New Jersey, where I had previously been chairman of the Mediation Board. In 1953 Gov. Robert B. Meyner made me chairman of a committee to study the operation of the state's Public Utility Antistrike Law. This law permits the governor to seize a public utility and initiate compulsory arbitration proceedings in order to avert a strike.

There had been little bargaining under the law. The parties always seemed to come to a stalemate, and the governor would have to step in, raise the flag of the State of New Jersey over the utility's main head-quarters, and appoint a board which would dictate the terms and conditions of employment.

We found that the very existence of this law and its availability and use by the governor was causing repeated stalemates in bargaining. Our committee recommended that the law be repealed. The legislature would not repeal it, but the governor announced that he would not use it and has not used it since.

There have been a couple of utility strikes, but the state has been able to take them without too serious an impact. Meanwhile, numerous negotiations have been concluded successfully through discussion around the bargaining table. That is the ideal way to resolve these things.



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Boss won't delegate? TRY THIS

Here are practical ways to deal with the man who won't let go

THE VICE PRESIDENT for personnel returned to his job after attending a general management seminar.

He had been assigned to attend by the company president after a pep talk stressing the "critical need for constant education in management."

Talking to a close friend, the vice president said, "You know, one of the things they hammered at us in the seminar was the importance of delegating, of not trying to do all the jobs yourself."

He paused. His friend was puzzled. "So what?"

"So they sent the wrong man," the vice president continued. "I've known about the value of delegating since my first day in business school. But what good does it do me to know it if the Old Man doesn't recognize it and practice it? He wouldn't delegate if he were in an iron lung."

The frustration of this executive is duplicated in numerous businesses. Management educators, consultants and business executives know that, despite a great outpouring of management literature and countless programs designed to upgrade executive skills, much of the delegation gospel is given little more than lip service in actual practice.

Unhappily, the executive who won't let go, yet preaches the merits of "constant education in management," is not rare.

If, as is not unlikely, some of these men are in your company, there are several approaches you can use to loosen their hold on the reins.

As a boss

If the nondelegator is your subordinate, the fault may be partially yours. Obviously top management has not tutored him well. You have an educational job to do.

The first order of business is to reassure him that delegating does not mean loss of authority, credit or control. You have to clarify the real nature of delegation.

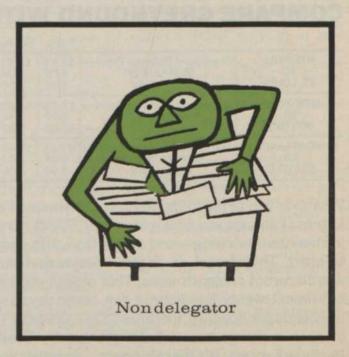
The message to be gotten across is this:

At this particular level of responsibility and authority he can, at his discretion, farm out to a subordinate a chunk of responsibility for a particular project or problem. He does so because he has a growing in-basket and not enough time to get to all of it. The responsibility is entrusted to the subordinate during the life of the assignment. At its expiration the responsibility and authority revert back to the boss.

It involves no loss of control. A good delegator delegates in good faith—he provides the feel of the problem to be tackled, explains the why and what of the situation, and trusts the subordinate to come up with a decision.

However, the good delegator also sets up standards or expectations. In consultation with the subordinate he establishes control points at which the two will confer periodically to gauge how things are going.

Nor does delegation involve loss of credit. The delegated task is a segment of the boss's job. The product of the completed delegation is also his. If it



is done well and on time he will receive the credit.

A boss who is a good leader and concerned about the motivation and the abilities of his men, however, will generally give recognition to the subordinate who did most of the work. The form of such recognition may vary from a mental note of a job well done to bringing the subordinate along for the presentation to superiors and publicly giving him credit.

As a subordinate

If the nondelegator is your boss and top management has not tutored him well, the educational job falls to you. It consists of two parts: preparing yourself, and knowing why he doesn't delegate.

The most persuasive answer to the nondelegating boss is the evidence that a subordinate can handle a farmed-out job successfully. Pressed with many demands upon his time, top management breathing down his neck for answers and action, even the most hardened nondelegator occasionally looks around to see who is either ready, able, or willing to give him some relief.

Meet the essentials and you will make a significant dent in his armor. The essentials are: sensitivity, availability, performance and timing.

Sensitivity involves some understanding of the boss's job, the pressures upon him, the problems which warrant early attention, situations which need trouble-shooting.

Any subtle interplay between your role and his and any effort to develop the kind of official-personal rapport between boss and subordinate essential in delegation must come from this sensitivity. If you have it, then show it in your conferences with him, in checking with his secretary on the status of certain matters, at staff meetings, at lunch with him in an informal atmosphere, conversation after work hours.

Availability involves mastery of your own job and first-rate supervision of your own subordinates. Evidence that you can take on special projects has to indicate that in taking the delegation you will not be neglecting your own job.

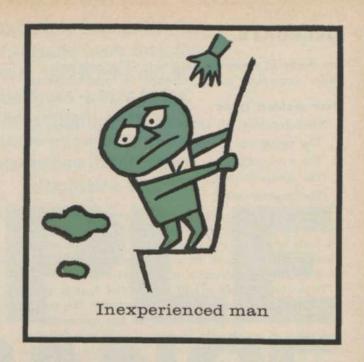
Make this known either directly or subtly. Some subordinate managers aggressively ask for delegations or intercept particular communications and handle the job without prior clearance. Others subtly volunteer or suggest that they have a breather at this time and could undertake a particular project if delegated to them.

Performance. Be sure that the first delegated assignment is one on which you can do a first-rate job. Come up with a clear and firm recommendation without drawing too much on the boss's time with repeated questioning or conferences.

If your boss is to give you more responsibility you have to demonstrate cumulatively and convincingly that you can handle it.

Timing is the other essential. If you can take a chunk of his work precisely when he needs this relief most, this will have a favorable impact. Make your best effort to deliver the delegated assignment on time. This will give him opportunity to review it and still send it to higher management when needed.

Approach the boss for an extension of the original



deadline only when it is warranted and do this at an appropriate interim point.

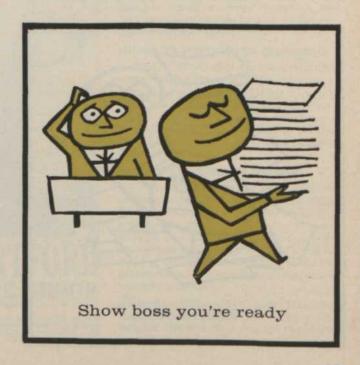
Be prepared to defend or justify your request for the extension.

The gains or advantages which will accrue to the boss will in time persuade him of the wisdom of making the shift from nondelegation to effective delegation.

He will find himself able to give more time to consultation with others, be available for more tasks which his boss expressly wants him to handle personally.

In time he will come to appreciate that he is judged by the caliber of his decisions, the way in which he uses his time, the extent to which he can keep on top of his job, and the effectiveness with which he can tap the abilities of those working for him.

When you know you are ready for delegation, you



DELEGATE continued

are ready to approach your boss. The approach will differ according to his reasons for nondelegation.

Four problem types

Nondelegators fall chiefly into several categories:

- 1. The egotistical manager.
- 2. The work addict.
- 3. The inexperienced manager.
- 4. The insecure man.

The egotist is hypersensitive to any possible dilution of his authority. He is preoccupied with prestige. He feels he can do it far better than any of his subordinates and, moreover, he is impatient with the slow pace or alleged indecision of his subordinates.

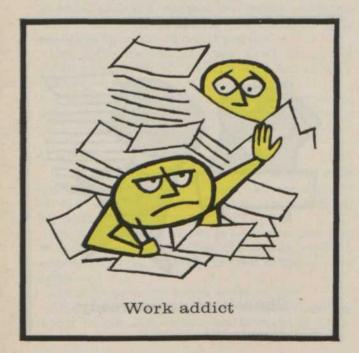
To a considerable extent the egotist fancies himself a technical perfectionist. He conveys the mood that he alone knows the pulse of top management and what it wants. He is eager to deliver—for the core of his motivation lies in recognition and advancement. He would like to have all the credit or, at least, the bulk of it.

If the egotist is your boss, show him that he can continue and even accelerate his gains in status and prestige by drawing, through delegation, upon the abilities of his subordinates. Be alert to those problems which, if well handled, will command top management's attention. Confer with him periodically on his progress on these problems and let him know how you can give him a hand in speeding solutions.

Capitalize on past situations where, in his absence, you and other subordinates handled some special projects in a way that won him a pat on the back.

Acknowledge his technical understanding of the department's functions, but indicate that there's more pay-off for him in exercising this in planning and directing the function than in doing the technical work himself.

The work addict doesn't delegate because he has always done it himself and he feels quite capable of



continuing to do it. He is a plugger, a supertechnician, a man who ignores the clock. Subordinates will just have to handle their own responsibilities and activities, with only an occasional extra chore grudgingly tossed their way.

He is generally intensely loyal to the company and to the job. He tends to be authoritarian, brusque and unconcerned as to how other managers operate.

The techniques for dealing with the work addict nondelegator will vary in different situations. In some cases, you may have to point out that he is so busy he is missing many things he shouldn't. Indicate the extent to which he hasn't been getting around just to talk with some of his old friends—something he used to enjoy. Point up how he has been giving less and less effort to breaking in new subordinates, another activity from which he used to derive much pride and pleasure.

Spot situations in which overwork has prevented him from carrying through plans which he originated.

Bail him out when it appears that an important deadline may be missed.

In most cases you can rule out any thought of formal training for him either inside or outside the company. He is disinclined to go back to school.

Give him a hand in sifting the policy and decisionmaking considerations from the operating process and details, because he generally treats the whole works as one package.

Show dissatisfaction with your lot when you find that your work lacks variety and challenge and that your growth is being stifled. Bring it to a showdown if there is sufficient basis for it, and ask for clarification of your job and its responsibilities.

Subordinate managers have resorted to various means to get the boss to let go. They sometimes make a direct request for work which should be delegated, grab it, do the leg work on it, volunteer it, or initiate action at their own level. In some cases this is done aggressively, in other cases subtly, depending on the man, the boss, and the situation.

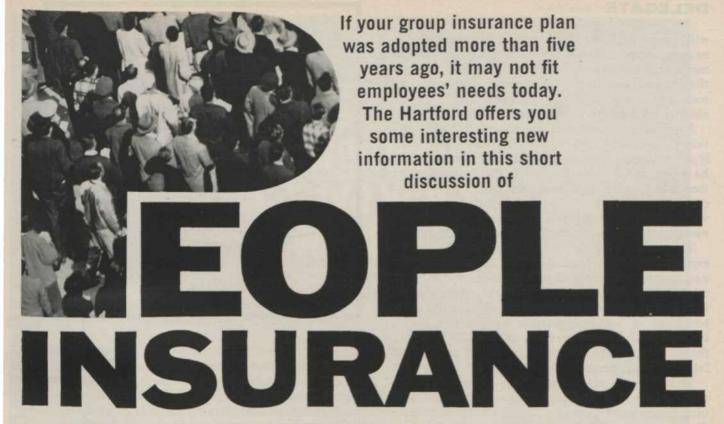
While you probably cannot reform the work addict's habits, you can probe for ways to relieve him of part of the persistent workload and the pressures.

Fear of mistakes

The inexperienced man appears more and more on the business scene. With the urgent need for supervisors and managers in mushrooming industries and the high priority on a man's technical mastery of his specialty, companies have often promoted men into managerial jobs solely on the basis of their technical abilities. Experience in supervision is meager or entirely lacking.

The inexperienced manager characteristically lacks an understanding of the place of delegation in management. He finds himself too pressed with work to become familiar with the abilities of his subordinates. He wants to avoid mistakes at any cost and so he continues to do things himself. He feels strongly that he can get by on sheer technical ability as he has in the past. He prefers to avoid the personal involvement, dependency and subtleties which delegation requires.

In working with this boss, show your genuine



What could make your present Employee Benefit Plan inadequate for Your Company-1962? Several things. In the first place, the situation in Your Company-1962 could be quite different from that of Your Company-1957.

Employees need more insurance to meet today's costs

The size of employees' medical bills has ballooned in the past five years. In an average community, for example, a semi-private hospital room cost about \$12 a day a few years ago; today it costs \$18. In 1952, \$2000 of Group life insurance might have provided a worker's widow with a monthly income – for a year – equal to 60% of her husband's paycheck. How far would it go today? Unless your Group insurance benefits have kept pace with the times, your people may be getting only a fraction of the help you intended for them when your present plan was adopted.

Employee changes can create new group insurance needs

Suppose, for example, that by far the greatest proportion of your people in 1957 was men. If so, your Employee Benefit program probably did not stress maternity benefits. But perhaps today a greater percentage of your work force is made up of young women. More extensive maternity coverage could be an important need of these new people.

Other substantial improvements may be possible by simply replacing outdated benefits with protection better suited to the current requirements of the majority of your employees.

Comprehensive medical expense plans replacing basic hospitalization

One of the trends today is toward the conversion of basic hospitalization plans

to a comprehensive medical expense basis. This is a major advance in Group insurance. It gives employees and their dependents the same first-dollar hospital and surgical coverage up to a substantial amount. Then major medical takes over to cover the greater part of excess hospital and surgical expense and also an additional wide range of medical costs.

New protection plans

Within the past few years, The Hartford has introduced improved protection plans which include physicians' visits, non-scheduled laboratory and X-ray benefits, broadened surgical coverages, and combined maternity and obstetrical



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New "Groupguard" plans for small employers

Designed specifically for groups of 10 to 24 workers, Hartford's "Groupguard" plans enable small employers to offer their personnel "big company" benefits. Featuring great flexibility, "Groupguard" plans provide as much as \$24 per day for room and board, \$480 for surgery, \$300 maternity allowance, and \$1000 miscellaneous hospital expense. Coverage is also obtainable on charges for doctors' visits, laboratory and X-ray service, in or out of the hospital, and through major medical insurance on catastrophe situations involving extraordinary medical costs.

Group life insurance for dependents

A relative newcomer among Group insurance offerings, this low-cost coverage expands a conventional Group life program to a "family plan," greatly increasing its value and appeal to employees. It is offered by The Hartford in all the 30-odd states where insurance regulations permit.

Key to insurance planning

Your Hartford Agent, or your own insurance broker, can develop a Hartford Group insurance program to meet the special conditions of your business. And because The Hartford is a full-line insurance organization, it is well equipped to build a broad, well-integrated program of insurance to cover all your company's protection needs.

In many communities, your Hartford Agent is listed in the Yellow Pages. Or, look for him wherever you see the Hartford Stag displayed.

DELEGATE continued

willingness to help. Discuss with him periodically new priorities and new demands upon the department, and the implications they carry for reallocation of responsibilities. Volunteer to relieve him of some projects when it becomes clear that he is unable to get to them despite his best efforts.

Keep him informed of significant technical developments and trends in the field of specialization if his managerial duties are such that now and then he seems to be losing touch with the latest word in the field. Assure him that you and other subordinates are on top of this new knowledge and developments and it will not be necessary for him, as manager, to become involved in the technical details.

The most significant point in dealing with the inexperienced man, especially when he is about your age, is reconstruction of relationships. While your relationships with him only a short while ago allowed much more companionship, do him the courtesy now of letting him seek out his own social contacts in the management ranks. Do this in a way that gives him the feeling that he has not broken faith with his former buddies.

This freedom of reconstructing his relationships may not be to your liking or even to his, but it is often a necessary step as a man is promoted to handle new responsibilities. Once he has this freedom, gets around in management circles, learns that some problems are common to all managers, and can assess his own workload and expected performance, he should be more willing to talk over delegation with you.

Bolster his inexperience by showing your best in regard to performance, human relations, and availability to assist. Repeated good performance on delegated projects will in time relieve his concern with possible mistakes or personal involvement in delegation.

Weakness shows up

The insecure man poses the most difficult problem among the nondelegators. On the one hand he would like to feel more secure in the executive role. On the other he feels insecure in using the instruments and resources (his subordinates) which could reinforce this role.

The insecure man is unwilling to delegate for various reasons. He is afraid he might be fostering strong subordinates, afraid that through delegation he might be working his way out of a job.

He operates close to the chest, communicates little, and suspects top management action as directed toward him as a target. He suspects changes, proposals, comers, and ideas. He reacts more emotionally than is warranted in the day-to-day situations involving his subordinates. He views the more able men as threatening his security. By and large he tries to fortify himself by insulating his affairs and problems.

In working with this boss try to pinpoint the instances in which completed delegations in the past have increased his security. Linger a while now and then after work so that you can talk informally,



draw out some of the problems preying on his mind, and try to reduce his hypersensitivity to threat.

Try to make him aware of how some of the emotional blocks or blindspots hamper his leadership of the department. What to do about it is his decision.

Do for him what you would also do for the inexperienced manager—try to allay his sense of insecurity by demonstrating your own sensitivity to his workload, loyalty, first-rate performance, and availability to give a hand when needed. Open his eyes to the fact that all managers take risks of one kind or another as they delegate, but somehow most of the delegations are successful and the managers thrive on accomplishment, recognition, and greater security because of this attainment.

Soft-pedal talk about your own aspirations except, of course, within the formal framework of company policies governing merit ratings and posting of position vacancies. Don't dampen your own plans and aspirations, but avoid talking about them so that he doesn't interpret them as a personal threat.

Never by-pass him deliberately.

But don't count on an optimistic outcome. In many cases the insecure man is a poor manager. Usually, he shows not only inability at delegation but other weaknesses which spring from deep-seated personality problems and the company has to take counseling and action.

The company can also beef up the emphasis on delegation in training programs. Above all, it has to face up to the task of dealing with the nondelegators if they continue to hamper the effectiveness of the organization.

Do not sell short what the competent, loyal subordinate manager can do, if he persists at it, in making his boss look good as a delegator.

-NATHANIEL STEWART

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GOLD FLOW CRISIS

continued from page 43

that the balance of payments deficits since 1949 have operated in the interest of both the U. S. and the rest of the free world. To a considerable extent the U. S. has been borrowing short and lending long in its international transactions.

The free world has benefited in two ways:

First, through economic and military aid. Not every move has succeeded, but, in the over-all sense, such measures as the Marshall Plan and NATO may well outweigh mistakes in other directions.

Second, the decline in the U. S. gold stock and the increase in our short-term liabilities have provided necessary support for the monetary system of the free world. The U. S. dollar has become the reserve currency for much of the free world. This arose out of the strength of the dollar and the fact that the gold stock has not increased enough to support the rising needs of free nations for a universally acceptable means of payment.

The rise in world trade since 1949—more than a doubling—is due largely to the willingness of the

New York Ohio Michigan Indiana Wisconsin Missouri Oregon Kentucky

Massachusetts New Jersey Pennsylvania Washington, D.C.

U. S. to supply gold and dollars to provide the underlying support to finance it.

In a real sense, our current difficulties arise out of our success in the past decade or so and out of the responsibilities we have assumed.

The economies of Western Europe and Japan have become vigorous competitors in world markets.

Our own international financial position has become less liquid. In 1949 our gold stock was almost 2.5 times our short-term foreign liabilities. Now it is less than three fourths of these liabilities.

To keep the problem in perspective, it should be emphasized that the United States is still strong in international financial terms. We hold 43 per cent of the world's monetary gold, and our reserves are still relatively large.

Dealing with the deficit

While our payments deficits in the 1950's served these useful purposes, we now have a new problem. If we continue to run balance of payments deficits of \$3 billion or \$4 billion, we could run down our gold stock and run up our shortterm foreign debt at a pace which would create serious financial difficulties for ourselves and the free world. Persistent erosion in our international liquidity would lessen the vital element of confidence in the dollar.

The situation is in many ways similar to that of commercial banks in bygone days—any rush of depositors to withdraw their funds could break the bank.

Any rush by foreigners to cash in their dollar holdings for gold could bring on a staggering world financial crisis.

This means that the United States must do what is required to obtain a balance in its international payments.

As the world's banker we have the responsibility of supporting the world financial structure.

This is perhaps the most important and most basic service we can perform in the economic growth and development of the free world.

What must we do to discharge this responsibility?

Four lines of action need to be pursued:

- ► We must strive to keep our exports competitive in world markets.
- ▶ Short-term interest rates must be kept in line with those in other countries.
- ► Efforts to reduce the dollar drain

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of our military and economic aid programs should be continued.

► The world financial structure must be improved.

Control over costs

The most important of these is expanding our exports. This, in fact, is the only long-range solution. It is also difficult in a world in which international markets have become intensely competitive.

To improve our competitive position we must keep our costs down. This calls for action on several fronts. The federal government must pursue noninflationary policies, because inflation would price U. S. exporters out of world markets. This is why it is important to balance the federal budget in fiscal 1963, pursue responsible monetary policies and revise tax and depreciation policies to encourage investment.

However, the key to controlling costs may lie in the field of labor-management negotiations. There is, fortunately, growing agreement that the average annual increase in wages and salaries must be held in line with the general long-term improvement in the nation's efficiency or productivity.

If wages rise more rapidly, unit labor costs are pushed up, reducing our ability to compete in world markets. It is here that this year's negotiations in the steel industry become critical.

If the U. S. can keep costs under control, there is room for guarded optimism about future trends in exports. This is not to say that competition will diminish. We shall have to work hard to stay competitive. However, there is no economic reason why we cannot do this.

Despite our higher wages, our efficiency is great enough to support larger exports.

Interest rate policies

Even if we achieve the necessary export surplus, short-term capital movements can put us under pressure. If short-term interest rates are enough higher in other countries, short-term funds will tend to move abroad.

We should not try to restrict such flows by controls since they serve useful purposes in world financial markets. However, it is important to keep our interest rates in line with those abroad.

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GOLD FLOW CRISIS

continued

aid. When the dollars given to other countries are used to buy our exports, no balance of payments problem arises. But if these dollars are held by other nations, they constitute a claim on our gold stock.

Considerable progress has been made. Last year our economic aid spending totaled \$3.7 billion. But \$600 million of this was offset by advance repayments of loans, chiefly by West Germany, Another \$2.5 billion resulted directly in the export of goods and services. So our economic aid led to a dollar drain of only \$600 million.

Military expenditures constitute a greater problem. It is difficult to persuade other nations to pay for troops stationed there. Some materials and supplies can be bought more cheaply abroad. However, an effort is being made to step up foreign military procurement here to offset the military dollars we spend abroad. Last year West Germany spent \$600 million for military purchases in the U.S.

A new world financial structure

The present structure of international finance and payments, which rests on two key currencies-sterling and the dollar-is too precarious for safety in the long run. The world is always risking an international financial crisis.

The system can work only if foreign holdings of dollar obligations continue to grow. At some far distant point in time if the U.S. follows wise policies-but a nearer point if we do not-the system is bound to become top-heavy. The result could only be a severe worldwide economic slump.

A small but significant step toward a more lasting international financial system was taken recently in a new agreement among a number of western industrial nations. It provides that, if the U.S. or the United Kingdom has a temporary balance of payments deficit, it can arrange to borrow currencies from nations which have a surplus. Thus, the deficit can be met by payments in the currencies of those foreigners holding claims on the U.S., for example, instead of in gold or dollar obligations. However, a system with greater scope will be needed in the

The eventual arrangement may take the form of a world central bank. This would substitute some means of international payment for



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GOLD FLOW CRISIS

continued

the dollar or sterling and lessen the possibility of a world financial crisis.

However, we are a long way from a workable plan which would be widely acceptable. At the moment we should continue to move ahead along the path of evolution in these complex matters.

The outlook

Progress on each of these four fronts has been impressive. A special drive to encourage exports was started two years ago. It is bearing fruit.

A new procedure to provide export credit insurance and financing has been worked out. The administration is aware of the serious balance of payments problem and has proposed policies to deal with it constructively.

The long-term trend of our exports has shown an average annual growth of more than five per cent. The record shows that the U. S. is sufficiently competitive in world markets to run sizable surpluses of exports over imports. The problem is to keep pressing ahead.

Trade and tariff policies

For the longer term the U.S. must assume leadership in the movement to lower barriers against trade. The formation of the European Economic Community, the U. K.'s proposed entry and the move to form common markets in Latin America and elsewhere pose a clear threat to U.S. exports. Producers inside each common market can sell throughout the market without paying a tariff whereas U. S. exporters will have to pay the external tariff. Thus, it is in the interest of the United States that these external tariffs be reduced as rapidly as possible.

To bargain down tariffs we shall have to lower our own barriers. This program will involve difficult adjustments in a number of U. S. industries.

Fortunately, keeping costs under control, encouraging capital investment and productivity, and following other domestic economic policies which will keep us competitive in world markets are desirable for domestic reasons. They all operate on the side of supporting vigorous economic growth without inflation. Thus, the discipline which the balance of payments now enforces may serve a most useful purpose. END



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THREE STEPS TO COMPETITIVE STRENGTH

Solving these problems will help U.S. meet Europe's challenge

PRODUCT SCATTER:

Many companies
make or sell too
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that don't produce
profits and
increase costs

COMPETITIVE LAG:

Hidden labor costs are helping to price American goods out of world markets

DILUTION OF BRAINPOWER:

Failure to pick profitable targets for technical and professional men wastes their talents THE FREE WORLD today faces the question: Will its two great and productive economies, the United States and Western Europe, multiply each other's potential? Or will they offset each other's strength and reduce the free world to economic weakness or impotence?

The stronger and more productive each of the two becomes the stronger and more productive the whole world will be.

Above all, major industries on both sides of the Atlantic must be competitive if both partners are to remain healthy.

It is the paradox of a market economy that only competitive countries can freely buy from each other, and that industries which improve their own productivity provide the best markets for other industries.

A socialist or communist system is based on the assumption that one group of producers can get strength or wealth only by taking it away from some-body else. A prosperous market economy is living proof of the opposite: The way for all to benefit is for all to become stronger.

The more an industrial economy grows, the more raw materials and supplies it has to import—with import needs growing roughly one and a half times as fast as industrial production. But there is only one way to pay for imports in the long run—by exports. Our exports and those of Western Europe will, therefore, have to grow rapidly and steadily if the free world is to have the economic and social performance that is the only answer to communist promises and claims.

This raises problems of national economic policy, of tariffs, of political alignments which will probably dominate our political scene over the next few years.

No matter how we answer these political questions, no answer can work unless America can maintain its ability to compete and to raise productivity. This can be achieved only within individual businesses. It depends, economists tell us, on four factors: capital investment, technological innovation, skill of the labor force and management.

The effectiveness of the other three factors depends primarily on management.

Maintaining our productivity and competitive strength thus will danand from American management improved performances in three areas:

- ► Concentration of the product line.
- ▶ Better management of brainpower.
- ► A focus on competitive position.

We can no longer assume that we have an unassailable monopoly of skill and performance. [See "Where U. S. Know-how Lags," NATION'S BUSINESS, January.] We have to earn our leadership anew all the time.

Concentration

There has been a lot of talk the past few years about U. S. industry "pricing itself out of the market." There is a good deal of evidence that this does not reflect actual U. S. costs which are still, broadly speaking, competitive, if only because both

raw materials and finance tend to cost a good deal less here. But the productivity edge we have in the majority of industries is often badly dulled by product scatter—an excessive number of unprofitable products. Many American companies suffer from this ailment, although it has been clear that only a few products in a line produce practically all the sales and every penny of the profits while other items contribute only costs.

Costs always go by the number of items or transactions. It costs just as much in terms of paper work to process a \$50 as a \$500,000 order. In the plant with modern production methods only the cost of raw materials really still varies.

There are four main causes of product scatter. All are controllable.

First, it is easy to add a special product or service, especially if a good customer seems to want it. But few companies have an organized system for sloughing off old and obsolete products. Every product in the line should be put on trial for its life. If it does not offer prospects that would lead you to start making it now, it should be dropped.

Second, we have failed to create new standard grades capable of satisfying a large number of customers for a variety of uses. We now tend to offer instead a gaggle of specials, each differing just enough from the others to require separate scheduling, separate manufacturing, and often even separate tooling. Few customers really need the special—few even know that they get it. It is, in a large number of cases, not the customer who insists on getting something out of the ordinary, but the salesman who believes, often wrongly, that getting something no one else can get will hold a customer.

The real sales successes of the past 10 years in world markets resulted from concentration: for example, the American jet transport, the Volkswagen, the Japanese portable transistor radio.

Third, our costing and pricing system conceals the true economics of product scatter because the bulk of costs are allocated, rather than being the genuine costs of making a specific piece.

The only realistic costing of a given product is one which assumes that costs—other than raw material—are total costs for a period of time divided by the number of items, without regard for the volume of each item.

True profits on any product are total profits divided by volume in each product-minus raw materials.

These are crude rules of thumb, but they are adequate for effective management decisions on what to keep, what to push, and what to drop.

Fourth, we do not think through what we use specials for—market promotion, or as a reward for the faithful and profitable large customer, as a genuine product on which to make a profit, or as tomorrow's standard.

It pays to write down in detail what you expect from making and offering product variety (the same goes for services such as the financial-advisory departments of commercial banks, by the way), when you expect results, and under what conditions you

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STEPS TO STRENGTH

continued

are willing to accept, let alone seek, orders for specials.

Whenever these four factors that promote product scatter have been brought under control, true American costs for standard grades of products have turned out to be lower than those of the Europeans or Japanese.

Transistors are one example. Only three years ago, American producers were considered to be hopelessly handicapped by laborcost differentials. Today Japanese manufacturers buy U. S.-made transistors because Japanese transistors cost substantially more.

Another example is a major nonferrous metal in which American prices are almost twice those of Continental Europe. But real costs for the standard grades, which account for 90 per cent of the volume of the producers, are well below European costs. Under the excuse of the full product line, however, cost advantages are being frittered away. An enormous range of special grades is offered.

Managing brainpower

In this country the man who works with his mind has become the major and most expensive human resource of production.

Such workers—the Census calls them "technical, professional and managerial" — have become the largest single employe group and the only rapidly growing group. Yet, we often do not get enough results from this high-grade and expensive resource.

The 1960 report of a well known American machinery and appliance company—a company with an annual sales volume of \$500 million—shows that its nine manufacturing subsidiaries in Europe contributed one quarter of total sales but half the profits. This relationship has held fairly constant over six or seven years.

Most people will guess that European labor costs are the reason for the difference. But it's the wrong explanation. In this industry, European manufacturing costs are almost exactly equal to those in the United States—80 cents out of every sales dollar. Lower labor productivity, higher raw material costs and higher costs of money in Europe fully offset a substantial hourly wage differential.

But administrative and selling costs take more than 16 cents out of each U. S. sales dollar compared with less than 12 cents out of each European sales dollar.

Actually the European subsidiaries would be justified in having higher administrative costs than the U. S. divisions. Since each operates in a different country, each has to have a complete management, separate accounting that satisfies different legal and tax requirements, separate patent departments, separate legal counsel, separate labor-relations staffs.

The central problem of productivity in mental work is again scatter. Many businesses, especially big companies, try to do a little bit of every kind of brain work from personnel research to forecasting.

casting.

The number of research projects that one organization can successfully undertake at any one time is limited. Unless you can put at least one good man on a job full time, you get no results. No one has enough good research men.

Perhaps the area in which this needs to be hammered home the most is research.

If a research department tries to handle 200 projects with a staff of 20 professionally trained men—a common situation—it may never get to do any work. Much of the time is spent in meetings to discuss what work should be done.

In research it may be best to concentrate on the few projects that can really bring economic results. One of these is fast, easy and commercial research—one executive calls it "picking up the gold in the streets." This is the kind of project where three or four months of effort can produce a 30 per cent gain.

Money invested in research has to return at least the same rate of compound interest as any other investment. This means the typical four-year research project, with its fair chance of success but with no more than a 50 per cent return, may be economically unprofitable.

Concentration of products and efforts requires the difficult decision: What to put first and what to postpone. The executive is paid for making the risk-taking, creative decisions. They are hard and painful. Without them, however, resources are frittered away rather than used to improve productivity and wealth-producing capacity.

Competitive position

A third area basic to productivity and competitive position requires more time and harder work. It

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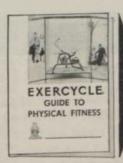
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STEPS TO STRENGTH

continued

is also the most fundamental: You cannot be competitive in price unless you are also competitive in costs. This means that the impact on the country's competitive position must be given more consideration in wage and labor settlements.

What makes this so tough is that the most important labor costs are not necessarily those of the industries whose products compete directly in the world's markets, such as steel, chemicals or automobiles.

But the bulk of our wages are being paid to people in industries and services that do not compete—government services, teaching, construction, transportation, service work. The costs of these activities determine the cost-floor of the entire economy, including the industries that have to be directly competitive. It is in these areas that we most need to make sure that the economy is not burdened with costs that handicap our productivity.

There is little new in the prescription for maintaining or regaining productivity leadership and competitive position. But the American businessman has not had to swallow the medicine for a long time. What is different is the new world economy brought about neither by Russia nor by the United States (at least not directly) but by the resurgence of continental Europe.

Politically this has meant frustration of Soviet policy and disproof of its basic assumptions of imminent capitalist collapse.

Indeed, if Western Europe continues to grow as fast as it has been growing for 10 years, the free world, 20 years hence, will outproduce the Soviet Union by a wider margin than the present four to one—even if all of Mr. Khrushchev's future plans come true.

We face, in other words, a problem of success. These problems are always more difficult and more painful than problems of failure. In case of failure everybody knows that something fairly drastic has to be done. But solving problems of success always brings extraordinary rewards.

—PETER F. DRUCKER

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SAVINGS AND LOAN ASSOCIATIONS

KREMLIN

continued from page 34

Letters to the editors of such major Russian publications as *Pravda* and *Izvestia*, as well as comments in industry and other journals, point up the continuing inability of the country's state-owned factories to turn out reliable and desirable consumer items.

An economist writing in *Soviet Trade* last year emphasized the problem of maintaining quality.

"Recently," he observed, "many new kinds of commodities have gone into production. However, all the possibilities for improving the quality of commodities are still far from being used. In a number of cases industry is not fulfilling its plans for the production of top-quality goods, is violating standards, is not fulfilling plans with the required assortment, and only slowly undertakes production of new kinds of quality lines. Reduction in quality results also from defects in transport and trade. This leads directly to labor waste in the national econ-

Shoddy shoes and clothing raised Khrushchev's ire when he addressed the Communist Party Congress in 1961.

"The demand for footwear," he said, "is not fully met, yet more than 1.5 billion rubles worth of footwear has accumulated in the trade network. Or take the quality of clothing. Everyone says that Soviet fabrics wear very well. There are, however, complaints about the styles of suits, coats and about the way they are finished. Not infrequently poor goods are produced from good materials, and the money is spent to eliminate defects. . . ."

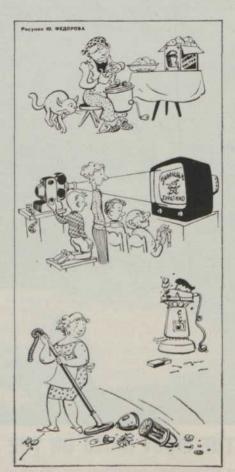
Frustrated consumers, weary of buying defective Russian-made goods, have turned to the enterprising Chastniki to obtain high-quality Czech shoes, Polish menswear and Chinese silk. Another clandestine trade channel is supplied by Soviet sailors who pick up western watches and jewelry and other items in foreign ports and then resell them at a fancy profit at home.

The growing desire for quality goods shows up in another interesting way: Members of Soviet delegations visiting the United States and other western countries buy all the small items they can and resell them when they return to Russia. Jewelry, watches and other consumer items aren't the only things these visitors bring back. They have

drummed up a brisk traffic in American dollars, which can be resold at a profit in the Soviet Union to other Russian citizens planning trips to this country and who want to have more than the severely limited amounts allotted to spend here.

While party organs fulminate against such practices, some high party officials themselves participate. This despite new laws which impose the death penalty for convictions in cases involving black marketeering in foreign currency. For citizens who don't go to the trouble or risk of buying foreignmade goods (you can purchase a Soviet car in Bulgaria more easily than you can in Moscow) the only recourse is to trade at state-owned stores selling state-made products. The risk here is of losing one's shirt. A good example is a television set. Soviet Communications Minister Nikolai Psurtsev recently complained that 60 per cent of the TV sets sold in the Soviet Union in 1961 worked no longer than six months.

The Soviet labor newspaper Trud



"Krokodil" satirizes the plight of Russians stuck with household appliances that won't work

tells the story of one "V. Afonin, a chauffeur in Moscow," who bought an Elfa-10 tape recorder which he had seen attractively advertised in a publication called *New Products*.

"He bought it, received a guarantee, and everything began," Trud

relates.

"The new tape recorder did not draw the tape. It distorted the recording; it rattled; wound the tape poorly; tore the tape. Finally, it fell silent. And each of these short descriptive phrases was associated with a visit to the guarantee workshop, waiting in line, worry, errands, expenses.

"The term of the guarantee ended, but not the breakdowns. And the owner of the Elfa saw that he had bought the wrong thing. He decided to repair it for the last time, get rid of it, and in the future live without an Elfa. This he did. But again he could not restrain himself and took up *New Products*. There, he again saw a most enticing description of a tape recorder—this time the Melodiya. That Melodiya costs no more and no less than 2,900 rubles.

"Expensive, must be good,' decided the fancier of tape recorders, and bought this Melodiya. With a guarantee, or course. He bought it, and it began all over again. The tape recorder does not draw the tape, distorts the recording; it rattles; winds the tape poorly, tears it. And again, trips to the shop, queues, waiting, errands, expenses. The guarantee ran out, but the breakdowns continued. And V. Afonin again saw that he had bought the wrong thing. . . ."

The humor in this story—and others like it which can be gleaned from the Soviet press—is not funny to the top men in the Kremlin. They are painfully aware that most countries in their sprawling empire have living conditions vastly inferior to those of modern states in the free world. It was this contrast which sent millions of East Germans streaming through the Iron Curtain to West Germany until Khrushchev finally had to close the escape hatch in Berlin.

Inferior quality of Soviet-made products haunts the leaders in other ways. There have been accumulating complaints from many of the countries which have signed economic agreements with the USSR—complaints not only of faulty goods received but of high costs, delays and unfulfilled promises.

Russia's shrewdest trader, Deputy Premier Anastas Mikoyan, warned his party comrades in 1961

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Office station: We can send you the equipment on truck one. It's at the Harrington job now. I'll have to check the other jobs to locate two men for you.



Truck 1: We can spare you two men from the Harrington job. We're just finishing up the heating system there. I'll bring them along to the Jones job with the equipment.

Job Foreman: Good. I'll tell Mr. Jones we can start his work this afternoon.

Improved customer satisfaction, simplified job scheduling and coordination of men and materials are important advantages reported by Fitzgerald Plumbing and Heating Company, Richmond, Virginia, due to the use of G-E two-way mobile radio. They handle more calls per day with existing personnel and equipment with less back-tracking and wasted mileage. Here is what they have to say, "Two-way radio is one of the best business builders we have. It helps us move men and materials to the job site faster and saves us time on routine details during the day. We no longer have to work several nights a week." G-E two-way radio is ultramodern equipment which offers customers quicker, more efficient service, wins you more contracts in competitive situations.

Listen in - how to sell more cars:

Salesman (with prospect on test drive):
Miss Jones, please check to see if our appraiser has finished with Mr. Brown's car.

Miss Jones (in office): Yes, Mr. Gailey, our appraiser is here right now.

Appraiser: Yes, I've checked Mr. Brown's car and we can offer him a full \$1600 in

Nelson Motors, Inc., Columbia, South Carolina, put G-E two-way radio in their salesmen's cars for rapid customer contact and faster sales closings. Owner Pat Nelson says: "Our sales increased 30% over last year. We consider two-way radio the best investment we ever made. By using two-way radio we have been able to make more sales and make better sales because of the communication between the salesmen, sales manager and general manager. And the salesmen don't have to wait around for prospects to come into our showroom now."

trade on that model he is now driving there with you.

Salesman: Thank you Jim. Mr. Brown really likes driving this car and with your excellent appraisal of his old one, I'm sure we can complete the arrangements when we get back to the showroom.



Insurance adjusters, florists, appliance servicemen, heavy construction contractors, fuel oil dealers are among the many businessmen who have boosted sales, reduced overhead, improved customer relations through the use of G-E two-way mobile radio. Your business can do it, too! You can have an office and three-car system for as little as \$210 down, \$40 a month.

For more information, look in the Yellow Pages under "Radio Communications," or write General Electric Company, Communication Products Department, Section 5032, Mountain View Road, Lynchburg, Va.



KREMLIN

continued

that the Soviet Union would face stiff competition in future years for foreign markets. "It must be borne in mind," Mr. Mikoyan declared, "that there (outside the communist bloc) they judge our economic achievements by the quality of our goods supplied."

Hidden inflation

Since prices in the Soviet Union are artificially pegged by the regime and don't reflect supply and demand, inflation is becoming troublesome. The pricing structure is such that it promotes dealings outside the rigid plans laid down in Moscow. Speculators—called pushers—have become key men in the economy.

A plant with a high-quality output will send a pusher into the field to wangle a profitable arrangement with one of the state-owned distributive outlets.

In the world of the consumer, too much money is perennially chasing too few goods. "Hot" money is, therefore, forever hunting for foreign-made articles or products of the few better domestic factories. These can be obtained only at premium prices, from enterprising middlemen, who are often former store employes or fulltime speculators who pre-empt the better goods for resale.

While the official prices of goods at the state stores remain frozen, the speculators sell them at any price the traffic will bear.

People with money also can arrange to spend an unauthorized holiday with private families living near the seashore. This practice is so widespread, according to the press, that the Black Sea resort of Sochi, which is equipped to accommodate 200,000 persons a year, is in fact visited by at least another 400,000 black market vacationers willing to pay five times the official price for minimum accommodations.

One official estimate places the hot money spent in this city at 100 million rubles per year.

Paralysis of innovation

The average Soviet manager and worker has no real interest in doing better work. The markets are captive markets. There is no competition and there is chronic undersupply. Hence, everything is assigned by the state.

The regime has dangled premium (continued on page 112)



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To get all the facts about national issues, the Chamber has wide research facilities unmatched, we believe, by any other organization in the business field.

Also, in its research work, the Chamber has the help of more than 800 business leaders who serve voluntarily on Chamber committees. Each committee represents a certain sector of the economy, or a special category of issues. Each committee studies and analyzes trends, developments and problems in its particular field.

The Chamber's research specialists are directed to be objective in their approach. They are directed to set aside theories about issues, to strip off emotional reasoning—to find the facts—and to present their findings in understandable language. This they do.

The National Chamber's research papers and reports are respected for their accuracy and dependability. These reports are used by economists, government officials, educators, students, writers.

On these pages are described briefly five National Chamber reports which you may find of interest and value to you. Use the order form to order copies. Your money will be refunded if you are not satisfied.

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"THE PROMISE OF ECONOMIC GROWTH"



Of concern to both business leaders and political leaders today is the problem of economic growth: the need for economic growth, the right conditions for growth, and the proper rate of growth. This research study, "The Promise of Economic Growth," explains why sustained and adequate expan-

sion of the economy can best be achieved within the framework of consumer sovereignty and political democracy. It shows what the prospects are for economic growth in America. It discusses the obstacles which stand in the way of sound growth, and what can be done by business and the government to remove those obstacles.

"THE GOALS OF ECONOMIC POLICY"



America's generally accepted goals of economic policy are these five: 1) to strengthen economic freedom; 2) to promote economic efficiency; 3) to promote economic growth; 4) to promote economic stability; and 5) to improve economic security.

Are these goals valid? Do

they mutually support and complement each other, or are they in conflict? In seeking to attain these goals, what is the proper role of the voluntary business organization, the government, the individual? This research study, "The Goals of Economic Policy," discusses these and other questions—and gives you well-reasoned, meaningful and thought-provoking answers.

'PRODUCTIVITY AND WAGE SETTLEMENTS"



Improvement in productivity plays an important part today in bargaining for, and in the granting of, periodic wage increases. But is national productivity gain a relevant guide for specific wage settlements—or are there other, and more pertinent, factors which should be taken into consideration?

In a competitive economy everyone benefits from increases in real per capita output: the employee, the employer, the consumer, the investor, the pensioner. How much of the annual improvement should each individual or group get? This research study, "Productivity and Wage Settlements," discusses these and related issues.

"INFLATION, UNIONS AND WAGE POLICY"



In what ways do labor unions contribute to the rising price level? Does our economy have a built-in inflationary trend which will plague us for years to come? Questions such as these are demanding the attention of government officials, legislators, students, and business leaders.

This research study, "Inflation, Unions and Wage Policy," identifies two types of inflationary pressure: the collective bargaining process; and the influence exerted by labor leaders on government fiscal and monetary policies. It suggests wage settlements which are non-inflationary, and which would spread technological gains more evenly.

"THE ETHICS OF CAPITALISM"



Capitalism has been criticized for being acquisitive. Critics have claimed that "democratic socialism" would be more just, more humane, and would eliminate insecurity. But under socialism, decisions of the individual are replaced by decisions of the state. The government makes itself

powerful, dictatorial. Capitalism did not invent the acquisitive instinct. It merely uses it as a means to get men to combine and cooperate as workers, technicians, investors, managers. "The Ethics of Capitalism" explains why individual self-realization can be more satisfactorily achieved in a democratic society with a free-market economy than under socialism.

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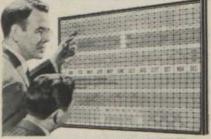
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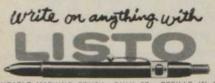


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KREMLIN

continued

pay for extraordinary output per worker, but even this has failed to raise productivity significantly, according to western analysts. Even with comparable machinery, the Soviet worker still produces only about one half to one third as much as an American worker.

Apathetic managers have become a special target for Khrushchev's wrath. Here is an extract from his remarks to a meeting of the Central Committee last June:

"I do not know whether the director of the Saratov gear-cutting machine tool works, Comrade Zakharov, is among us. That works produces an obsolete and scarcely productive machine tool for the cutting of conical gear, whereas in 1955 new automated models of machine tools were developed, whose productivity is 50 per cent higher than the ones being produced. And why does this happen? Because the production of old machine tools has been organized and worked out, while if one goes over to the output of new machine tools the work plan has to be altered. And why should this be done when the Saratov Sovnarkhoz (local planning commission) has paid the workers of the plant several thousand rubles in bonuses, including 21,000 rubles to the plant's director, for overfulfilling the production plan?"

Along with the lack of incentive, innovation and initiative has gone a widespread absence of responsi-Managers of individual bility. plants for the most part take their orders direct from GOSPLAN, the planning commission in Moscow which sets the production targets for some 2,000 commodities and determines prices and allocation of materials.

Plant officials who fail to meet the requirements of GOSPLAN frequently are removed from their jobs, but most find it comparatively easy to relocate in other executive positions because of the ussa's insufficiency of trained, prime-age manpower.

The really glittering rewards go to the scientists, engineers and technicians involved in the Soviet Union's massive military-space production industry. The quality of Soviet military equipment thus is high, and the country's advances in space technology are manifest. Unfortunately-from the communists' point of view-these efficiencies have not spread to the consumer economy. To meet the production quotas of GOSPLAN'S bureaucrats. industrial managers in the field frequently resort to the practice of cannibalizing. A simple example is taking parts from two defective farm tractors to assemble a workable one.

The planners themselves commit some of the most egregious mistakes. It is not uncommon for a new industrial building to lie idle awaiting installation of the machinery needed to make it a going concern, or, conversely, for expensive machinery to arrive at a plant site and rust away unsheltered awaiting construction of the build-

Legal punishment and public needling thus far have been the sole response of the Russian regime to the many inadequacies in its agricultural and industrial operations.

Among a few of the recent new laws against economic crime are measures calling for banishment to restricted localities for "idlers, speculators and persons who engage in illegal private enterprise"; imposition of the death penalty on "largescale embezzlers of state property"; death for speculation in foreign currency; one-year detention for dismemberment of farm machinery for use as spare parts for other machines, and prohibitions against the building of individually owned summer homes.

The last-named decree is of particular interest, for it mirrors the growing urge of Soviet citizens for individual ownership. Western analysts studying the trends in the Soviet economy believe a critical juncture is approaching. All the instruments of the ussk's totalitarian economic system-government ownership of the means of production, government planning and controlare plainly failing to work to the extent necessary to give communism the drive it needs to win the battle of competitive coexistence with the outside world. Yet, the Soviet leadership cannot scrap these methods-for they are an inherent part of the Marxist-Leninist-Khrushchev dogma.

By the test of economic performance, it is becoming abundantly clear that the free world countries, working in an atmosphere of individual enterprise, voluntary cooperation and a free market of ideas, can deliver a more abundant and diversified bill of goods for the use of the individual than the disfranchised and isolated people living under coercive communist rule.



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SUBTLE LOBBYING PUSHES PROGRAM

continued from page 37

Administration campaign to influence congressional aides will be stepped up

ual, corporation, or agency . . . shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before the Congress."

But such restrictions on government lobbying have been liberally interpreted. In fact, congressional liaison, as it is more euphemistically termed, has become big business on the Hill. The armed forces have more than a score of liaison people with offices right on Capitol Hill. Even the staid Interstate Commerce Commission set up a liaison program recently. Some federal departments give their lobbyists high rank. The State Department, for instance, has an Assistant Secretary for Congressional Relations.

The lobbying spectacular presented by White House Liaison Chief O'Brien is an extension of the selling program that President Kennedy has been conducting since he took office.

Mr. Kennedy has apparently operated on the theory that he has nothing to lose and maybe something to gain when he meets with those who oppose him. He talks with conservative businessmen, with Republican leaders and with editors of opposition newspapers. After the Cuban invasion, he sought the understanding, support or at least neutrality of former President Eisenhower, ex-Vice President Nixon and others who could have heaped criticism on him.

The traditional methods of political persuasion, such as patronage and public works, have been used, of course, to nudge lawmakers toward the Administration's program. Even making the presidential yachts available to cabinet members so they could entertain congressmen who must pass on their departments' programs was a more customary form of lobbying than the subtler techniques Mr. Kennedy is using today.

Although for public consumption the President lately has fired a few volleys at Republicans, behind the scenes it has been different.

His new approach seems to involve candor, facts, soft sell and understanding.

Mr. Kennedy effectively plays

the part of Jack Kennedy, ex-congressman, as well as John F. Kennedy, President. Promoting this kinship helps congressmen recall that Mr. Kennedy understands what a lawmaker faces in establishing a voting record, particularly in an election year.

At a recent coffee at the White House for selected members of Congress, Mr. Kennedy's argument went something like this:

"I know many of you have been getting plenty of mail from home on this matter of a United Nations bond issue. Now, I know some of you are against it, and that's all right. All we want to do is explain our thinking on this issue. I'm asking only for an objective appraisal on your part and that you don't commit yourself with your constituents until we have had a chance to make a pitch on it. Then it's up to you to do what you believe is right."

As one conservative southern Democrat told Nation's Business: "Now how can you get irritated at such reasonableness as that? He knows what our problems are. You've got to listen to his side when he puts it to you that way."

Another conservative southern Democrat at the same coffee, however, said, "That's fine to let the Administration make its pitch. But when do we get to make ours?"

The idea of exposing congressional staff people to the exciting presence of the Cabinet originated with President Kennedy himself, according to his congressional liaison men. Robert Kennedy already has been meeting with congressional staff people and doing effective missionary work for the Administration. The Attorney General, of course, worked on the Hill himself.

President Kennedy's years in Congress gave him an appreciation of the role of the staff people. This role is twofold.

What aides do

One function involves information, and decisions on legislation. Mr. O'Brien noted in the mass meeting:

"I used to like to think—and I hope correctly—I had some degree of influence with the member I

served when we had occasion to discuss issues."

Many staff people feel their greatest service, however, is in supplying facts.

The other function—and this could be just as important—involves communication with a congress-man's constituency.

Some congressional offices get hundreds of letters each day. Answering many of these letters necessarily has to be delegated to a member's staff. The knowledge and opinions of the staff are sure to be reflected to some extent in such correspondence. Some of this information and these opinions which are dispersed to constituents tend to filter back in the form of voter views on national issues.

Sometimes the benefits of a proposed program become exaggerated in the public mind. Many members of Congress, for instance, are concerned about the mistaken impression their constituents have of what is included in the Administration's program for providing limited health care under social security.

One congressman who was urged by a constituent to support the legislation wrote back to find out what the elderly gentleman thought the bill would provide. He discovered that his constituent believed the measure would provide for payment of all his doctor bills. In reality the measure provides only a limited program of hospital or nursing home care.

The new end-run lobbying approach—through congressional aides—apparently will be intensified. As Mr. O'Brien told the legislative staffers:

"... the goal of the President and this Administration, and this is to be emphasized, is to have the closest possible liaison with the officials on the Hill. Not only with the members, but with you."

Mr. O'Brien also told his audience that future meetings may be longer.

"Some of the cabinet members stated they would like a question and answer period," he said, "and that would have been awfully stimulating. The problem we are faced with in this is completely new. I can assure you we are going to have individual cabinet contact on a greater scale than past years . . . and we encourage you folks to make contact with cabinet and agency heads to give them advice and counsel."

Though the talks of the cabinet officers were in the main informal, informational and bipartisan, they



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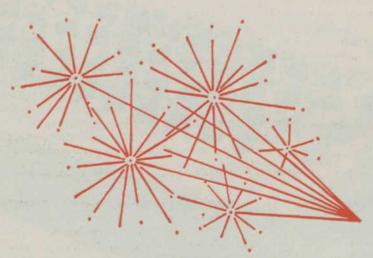
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SUBTLE LOBBYING

continued

were careful to list the proposals they most wanted to see Congress pass this year.

Measures wanted

These included legislation to provide money to train youngsters, federal standards for unemployment compensation, a new foreign trade act, a bond issue to help support the UN, legislation to promote conservation of natural resources and outdoor recreation, the Administration's program providing for a tax credit for capital investment and stricter treatment of expense accounts and foreign source income and withholding of dividend and interest taxes.

Also asked for were measures to restrict gambling and juvenile delinquency, for civil rights in voting, a new farm program, a transportation bill, compulsory health tax, subsidies for higher education, for upgrading teachers, measures to build college facilities and medical schools, new welfare laws and postal rate rises.

Most of the congressional employes thought the meeting in the main was effective because it was conducted on a high plane. However, several felt it dropped to a political low point when Health, Education and Welfare Secretary Ribicoff discussed the Administration's proposal to provide mass immunization against childhood diseases:

"This bill should have a great meaning to all your people back home. In this way you can show you have done something for the constituents in a direct way."

Mr. Ribicoff also described the Administration bill for health care taxes under social security as "the item with the most political sex

appeal.

"There are those that believe this is only significant for people of lowest income group. The great appeal, pull, this bill has is with the lower and middle income groups. The indigents are taken care of. The wealthy take care of themselves.

. . . This has impact even on children—they have a sense of obligation to father and mother.

"It is the intention of this Administration," he added, "to have your bosses stand up and be counted."

Vice President Johnson declared: "It is this Congress which will determine how prepared we shall be to defend militarily the rights and interests of the free world. It is this Congress which must decide whether we really do something about protecting these—like the education and health of our people.

"These are only a few of the vital issues which will be before you and your member, your boss. . . . We hope most of all that you who have such a great part to play—roles to play—will help make this Eighty-seventh Congress [go] forward to meet aggressions and threats."

Making a plea for the so-called Youth Employment Act, Labor Secretary Arthur Goldberg dra-matically claimed: "One million of our young people are out of work. This is something we cannot tolerate as a country." He called for a "pilot Youth Conservation Corps to see if that will serve a useful public service. I would say to you, 'Let us begin.' It is important we demonstrate to the young people of the country that we are interested in their welfare and we are fighting for a program to do something about it and we hope it will receive early consideration by Congress.'

Goldberg takes a dig

Legislation to set federal standards for unemployment compensation, which he wants to replace present individual state laws, Mr. Goldberg described as a "permanent improvement of the employment system." He indirectly blamed those who oppose the measure for the drastic reduction in the workweek won by New York electricians recently:

"Sometimes members of Congress who are not familiar with our working force do not recognize the importance of action. We saw a 25-hour week negotiated in New York. What I say to businessmen and members of Congress is that misguided actions like this are a result of a failure on our part to do what we ought to do for employment: make adequate provisions for unemployment insurance."

Undersecretary of State George Ball indicated the Administration sensitiveness to foreign policy critics. He conceded there are many crises throughout the world. But he said, "The success of our policy consists of those crises which never appear rather than those that do appear. . . . Crises we have averted have been many. . . . I don't think there is a basis for the frustration that seems to be felt in some parts.

"You are the world's greatest experts on this," he told the audience, "because you open the mail [to



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SUBTLE LOBBYING

continued

congressmen] every morning. If we are going to meet crises, we must have steady nerves and be aware of the fact everything is not always what it seems. Success is not found in the newspapers and apparent defeats very often . . . could lead to success in the long run.'

He plugged the idea of a new trade act as an "indispensable tool of U. S. policy" and supported the United Nations by saying: "If the UN had not been available in the Congo, the Soviet Union would today be setting up shop in the heart of Africa and we would have had to go in ourselves to prevent it. . . ."

Competitive taxes promised

Secretary of the Treasury Douglas Dillon announced that the periods permitted for industry to write off the cost of capital investment for tax purposes would be changed by the Treasury to let American business "be on a fully competitive basis with Germany, France, England, Japan and such other places." He claimed that the Administration's tax program is aimed at economic growth and "fits the trade program, fits the balanceof-payments problem and fits in with the general attempt to keep prices stable by lowering production costs."

In support of the proposal to withhold taxes from dividends and interest payments, Mr. Dillon made it seem simple and just:

"We see no reason if you withhold on salaries, you can't withhold on dividends." He claimed that \$800 million of tax revenues is being lost by people who wilfully, through lack of knowledge or carelessness, just do not declare this interest and dividend income, and it is lost; "and that means that taxpayers who are salaried have to pay too much."

The Secretary called the President's request for authority to reduce income taxes within limits in recessions an economic tool with amazing powers: "You could avoid recessions by it." But he conceded. "This is a subject that might require a lot of discussion."

He said the Treasury still plans "to come up later this spring or summer with a basic tax reform program which we hope would be considered by Congress next year." A basic objective, he pledged, would be to work on the rate structure which, he noted, is too high. END



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COMPULSORY HEALTH TAXATION

Before this session ends Congress will undoubtedly have before it a proposal to strengthen federal drug inspection and standards. The purpose is to protect the consumer from unsafe products, misleading labels and the sale of habit-forming drugs.

Already before Congress is a bill which would require working people to buy something officially called health insurance for the aged, to be marketed by Social Security.

Congress can demonstrate its interest in consumers by applying to this political potion the sort of tests proposed for drugs.

It will find, to begin with, that it is flagrantly mislabeled.

This mandatory health concoction is certainly not insurance. Those who hope to benefit from it will have no assurance of anything except this Congress' willingness to pass a law. No contract protects them if some future Congress decides to change eligibility rules, alter the benefits, increase the costs or discontinue the plan altogether. Future benefits depend on workers' and employers' willingness to pay social security, taxes already scheduled to increase 54 per cent by 1968. The new plan would add to that burden.

As for the potion itself, several important ingredients of an effective health plan are lacking. The

beneficiary would still pay for physicians' calls at home, office or in the hospital; for surgery; for dental care; for medicine except when administered in a hospital or nursing home.

Even the ingredients included are watered down. Although social security would supposedly pay for 90 days' stay in the hospital, the patient would pay \$10 a day for the first nine days.

The term "aged" is also misleading. No one not under social security or Railroad Retirement is eligible. Nor are those however needy who are less than 65 years old.

As for the habit-forming dangers of this prescription, its friends not only admit them, they boast of them. Former Congressman Aime Forand of Rhode Island, who offered the first such measure, has said: "If we can only break through and get our foot inside the door, then we can expand the program after that."

At a time when a half dozen government agencies are boasting of their efforts to enforce fair competition, one of them might reasonably insist that a government scheme offered in a field where private companies are selling good insurance tailored to buyers' needs should be labeled for what it is:

Compulsory health taxation.

FEDERAL MEDICINE FOR WHOM?

AMONG THE aims of the New Frontier Administration is a federal mass immunization program.

The idea, according to President Kennedy, is the "virtual elimination of such ancient enemies of our children as polio, diphtheria, whooping cough and tetanus."

To set this idea in motion the Administration asks \$9.5 million for fiscal 1963.

A look at the facts reveals the spectacular success already being made by doctors, state and local health services and voluntary health organizations.

The U. S. Public Health Service says there were 591 cases of diphtheria in the United States during the past year—a sharp drop from the previous year's 918. In 1950 there were 5,797.

The same is true for polio. During the past year cases numbered 1,327—down from 3,190 the year before and 33,300 in 1950.

Whooping cough? From 120,000 cases in 1950 the number plummeted to less than 8,000 in the first 10 months of 1961.

Tetanus? There were 368 cases in 1960 compared with 486 in 1950.

Any disease is deplorable. One case of suffering is one too many. But no child is denied shots because his parents cannot afford them.

"Physicians now routinely immunize all babies against diphtheria, whooping cough and tetanus with a single three-way shot," the American Medical Association says. "Polio vaccination also has now become routine."

Continuous and extensive educational programs urge the public to use the vaccines available.

Would a program administered by Washington speed the elimination of these diseases?

Probably not. Many of the children who suffer from them—unfortunately—become ill in spite of having been vaccinated.

It seems unlikely that anything from the federal medicine cabinet would do more for the children than the shots already available to them. It could, however, appeal to the voters.

Nation's Business • March 1962



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- 2. Too much masonry showing to be a Butler building? Wrong again. The basic building, structurals and roof, are indeed all Butler. The masonry is only a non-load-bearing curtain enclosing the building. Inside you get clear spans up to 120 feet wide, uncluttered spaces, freedom to use any curtain wall material—and fast construction. Butler buildings go up weeks, sometimes months faster. The Butler roof is so outstanding it's guaranteed 20

years with no maintenance obligation on owner's part.*

- 3. Here is conventional curtain wall material combined with a Butler Monopanl wall system. With the exception of the tile facade, these are primarily Butler components ... structurals, wall system and roof. Generally speaking, the more pre-fabricated components specified, the more the inherent advantages accelerate. That's because more of the parts were made for each other.
- 4. Guess this as a Butler building? Right! It's 100% Butler, with a new wall system not shown on the other structures above. Butler Modular Wall system . . . elegant four-foot wide panels with built-in doors, windows and aluminum trim. Notice how beautifully it blends with Butler Monopanl. Here you get the ultimate benefits of pre-fabrication—precision, quality, economy and beauty.

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